Alberta Municipal Affairs

2004-2005

Annual Report

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

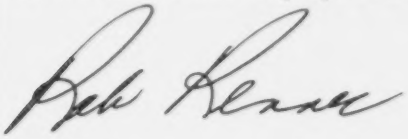
The annual report of the Government of Alberta released June 29, 2005 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Municipal Affairs contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and
- financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2005, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 1, 2005 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Rob Renner
Minister, Alberta Municipal Affairs

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Vision

Viable, responsive, and well-managed local governments and a public safety system that results in safe buildings, equipment and facilities, and effective emergency management.

Mission

Alberta Municipal Affairs works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local matters, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

Values

As a Ministry, we value and support honesty, fairness, professionalism, and accountability, while focusing on exceptional service for our clients. We value our staff and their contributions of innovation, creativity, collaboration and open communication. These elements are key in achieving our Ministry's vision.

"As we begin the journey into Alberta's next 100 years, I look forward to continuing the constructive partnership we enjoy with Alberta's municipal leaders and municipal organizations."

Message from the Minister

I am pleased to present the Municipal Affairs Annual Report for 2004-05.

The success of any province lies in the strength of its municipalities. To that end, the Ministry continues to focus on ensuring Albertans are served by well-managed local governments, appropriate funding agreements, and a top-notch emergency management system.

The excellent work of municipal officials, the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts & Counties (AAMD&C), contributed to many of our achievements. The AUMA and AAMD&C continue to serve as an effective voice for the province's municipalities, and their suggestions and hard work are greatly appreciated. Municipal officials also play an important role, and their dedication to their communities is to be commended.

Alberta's communities remain among the safest in the country, thanks to the work of municipal and provincial public safety and emergency management personnel. Severe weather events in 2004-05, including the July rainstorms and flooding in Edmonton, showed the professionalism and dedication of local emergency responders. Being on the front lines is no easy task, and they can be proud of their efforts. We also worked closely with the members of the Safety Codes Council and the Fire Services Advisory Committee to ensure we have the best possible safety codes, legislation, and fire service.

As we begin the journey into Alberta's next 100 years, I look forward to continuing the constructive partnership we enjoy with Alberta's municipal leaders and municipal organizations, and working with public safety and emergency management officials to keep this province safe.

Rob Renner
Minister, Alberta Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board, which are included in one financial statement.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Municipal Affairs with any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

Dan Bader
Deputy Minister, Alberta Municipal Affairs
September 1, 2005

OVERVIEW

Entity Map

Department of
Municipal Affairs
Functional Organization
as at March 31, 2005

e-mail: comments@ma.gov.ab.ca
Web site: www.municipalaffairs.gov.ab.ca

Operations and Services

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board.

Department of Municipal Affairs

The Department of Municipal Affairs has two main operating divisions: Local Government Services and Public Safety.

Local Government Services Division

Support and advice leading to effective local government

The Local Government Services Division provides support and advice to municipalities to help them develop sustainable and effective local government for Albertans. Services focus on innovation, co-operation, municipal viability, and assessment and tax policy.

There are two branches in this division: the Municipal Services Branch and the Assessment Services Branch, which are both supported by the Divisional Services Unit.

The Special Areas Board also reports to this division.

Municipal Services

This branch provides policy, planning, analytical and legislative drafting support to meet the department's responsibilities in the areas of municipal legislation, municipal taxation, land-use planning, intermunicipal co-operation and municipal status changes.

It also provides advisory and financial support to help municipalities operate efficiently. It works with a broad range of stakeholders including municipalities and their associations, as well as businesses, industry and not-for-profit organizations. The Municipal Services Branch is made up of five work units: Grants and Administration, Legislative Projects, Municipal Organizational Development, Municipal Advisory Services, and Planning and Coordination.

Assessment Services

This branch develops assessment standards and guidelines, and audits municipal assessments to ensure that each municipality prepares its assessment according to provincial legislation. It leads the development of assessment and education property tax policy for the province and prepares the education property tax requisitions. It also prepares the assessment of linear property (e.g., oil and gas wells, pipelines, and electric power and

106-00063/

telecommunication properties) in Alberta. The branch works in partnership with local governments, assessment professionals and industry to support strong, vibrant communities and ensure confidence in the property assessment system.

Divisional Services Unit

This unit provides information, advice, assistance and co-ordination as required. It participates in major divisional projects and also co-ordinates a range of division-wide business service activities such as business planning, budgeting, and Information Technology co-ordination. Ongoing programs include the *milenet* gateway to online services.

Special Areas Board

The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the management and administration of the Special Areas, located in southeast Alberta. Powers and duties as laid out in the *Special Areas Act* are delegated by the Minister of Municipal Affairs to the Special Areas Board by Ministerial Order. These duties include the management of some 2.86 million acres of public land within the Special Areas and the provision of municipal services to the residents of the Special Areas.

Public Safety Division

Safety codes, emergency management and fire protection

This division provides a framework of safety codes and standards to promote the safe construction, operation and maintenance of buildings, facilities and associated equipment. It promotes fire safety throughout the province and encourages co-operative fire protection initiatives and the use of effective training levels and standards. The division also provides emergency management programs that help Albertans prepare for, respond to and recover from disasters and major emergencies. The Public Safety Division includes Safety Services, Emergency Management Alberta, the Fire Commissioner's Office and Policy and Strategic Services.

Safety Services

This branch administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: boiler and pressure vessels, building, fire, plumbing, gas, electrical, elevators, amusement rides, passenger ropeways (ski lifts) and private sewage disposal systems. With the Safety Codes Council, it assists municipalities, corporations and other organizations that have been delegated authority to administer safety codes and standards, and monitors and evaluates the performance of these organizations in administering the *Act*. The branch is also the provincial representative in the

development of national and international safety codes and standards. In addition, Safety Services provides technical advice and program support to municipalities, corporations, inspection agencies, the Safety Codes Council (SCC), contractors, industry and the public.

Emergency Management Alberta (EMA)

This branch develops and carries out a province-wide program that enhances the ability of municipalities and the province to prepare for, respond to and recover from disasters and major emergencies. EMA administers the province's disaster recovery programs that provide financial assistance to households, small businesses, farming operations and municipalities for uninsurable losses resulting from natural disasters. The branch also promotes and co-ordinates the preparation, maintenance and activation of business continuity plans for all Alberta government departments and is responsible for administering the Alberta Counter-Terrorism Crisis Management Plan.

Fire Commissioner's Office (FCO)

This office provides support and advice to fire departments and municipalities on fire service matters. The FCO partners with municipalities, government agencies and committees, service providers, local authorities and other organizations to improve fire protection standards and services. It promotes public education through programs such as the *Risk Watch* injury prevention program, and it works in partnership with the **fire etc.** training school and the SCC to provide training and support for firefighters, safety codes officers and municipal officials. The FCO also disseminates technical information and fire prevention and safety publications. In addition, the office collects, analyzes and reports fire incident data.

Policy and Strategic Services

This branch leads the policy development process for the division and provides strategic guidance for planning and issues management. Policy and Strategic Services (PSS) co-ordinates divisional initiatives and communications, and provides program assessment services. The branch works to harmonize Public Safety Division activities to ensure alignment with both long- and short-term government and department priorities, and represents the division and ministry on department and cross-government committees and initiatives. PSS also liaises with the Auditor General's staff on division matters and monitors the SCC's administration of the Underground Petroleum Storage Tank Site Remediation Program on behalf of Municipal Affairs.

Support Services

Staff from specialized areas including Communications, Financial and Information Technology Services, Legal Services, Business Services, and Human Resource Services support the Local Government Services and Public Safety divisions in achieving their business plan goals.

Municipal Government Board

Adjudications based on the *Municipal Government Act*

The Municipal Government Board conducts independent, quasi-judicial adjudication functions required by the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes and other matters referred to the Board by the Minister or Lieutenant Governor in Council.

Shared Services

Municipal Affairs continues to support the Alberta Corporate Services Centre (ACSC). The Ministry purchases administrative, information technology, financial and human resource processing services from ACSC, now part of Alberta Restructuring and Government Efficiency.

The Ministry also supports Alberta Government Services by providing legal services through a shared services agreement.

Core Businesses

Municipal Affairs supports the following core businesses as indicated in its business plan for 2004-07:

Core Business 1: **Local Government Services**

Providing support services, policies and legislation that enhance the development of a sustainable, accountable, well-managed, responsive and effective local government sector

Core Business 2: **Safety Services and Fire Protection**

Administering the safety system – the aggregate of provincial programs, regulations, partnerships, codes and standards – that provides for safety in the areas governed by the *Safety Codes Act*, and promotes fire protection throughout the province.

Core Business 3: **Emergency Management Alberta**

Managing provincial emergency management programs and supporting municipalities to ensure their preparedness to deal with major emergencies and disasters.

Core Business 4: **Municipal Government Board**

Providing independent, quasi-judicial adjudication on matters specified under the *Municipal Government Act*.

Analysis of Key Activities

Municipal Affairs was involved in numerous activities during 2004-05, as demonstrated in the Results Analysis section of this report. The following information outlines the main program initiatives and significant accomplishments, as well as the major consultations and legislative changes that took place during the year.

Program Initiatives and Significant Accomplishments

Disaster Recovery Programs

Providing support to municipalities after emergencies and disasters

Municipal Affairs allocated a total of $24.1 million to help Albertans and municipal governments recover from overland flooding that resulted from severe storms and heavy rainfall in 2004:

- the 2004 Greater Edmonton Area Disaster Recovery Program provided $22.9 million to assist with emergency operations costs, cleanup costs and costs related to uninsurable damage that resulted from a series of severe rainstorms that occurred in July 2004. At the time, this program was the largest ever launched in the province to help Albertans recover from a disastrous event;
- the 2004 Kneehill County Disaster Recovery Program provided $600,000 to assist with eligible costs that resulted from a severe June 2004 rainstorm in East Central Alberta; and
- the 2004 Greater Calgary Area Disaster Recovery Program provided $600,000 to assist with eligible costs that resulted from a severe July 2004 rainstorm.

Banff-Jasper Special Infrastructure Assistance Program

Supporting growth in municipalities

The Banff-Jasper Special Infrastructure Assistance Program was introduced in 2004-05 to provide $12.5 million in assistance over the next five years to the two Rocky Mountain National Park service centres. The program provides funding to the town of Banff and the municipality of Jasper to assist with the implementation of high priority infrastructure projects that are beyond the normal financial resources of these municipalities. In 2004-05, the town of Banff received $1,618,000 for the first year of a five-year Downtown Infrastructure Rehabilitation Project. The municipality of Jasper received $881,500 for 2004-05, put towards three projects: a pedestrian trail development, visitor and recreational vehicle parking, and intersection modifications and traffic control.

Alberta Emergency Resources Inventory System

In 2005, fire departments from across the province were given direct access to information outlining the equipment and personnel resources of the entire Alberta fire service available to respond to incidents, through the Alberta Emergency Resources Inventory System (AERIS). AERIS was

developed by the Fire Commissioner's Office to provide a single database for this critical information that can be accessed and updated by fire departments through the *milenet* system. This system, the first of its kind, helps protect the public by allowing fire departments to quickly locate and access the specialized personnel and resources they may require during a major emergency.

Helping municipalities work together effectively

Calgary Regional Partnership

The Calgary Regional Partnership was developed to foster regional co-operation, enhance municipal service delivery and support economic development activities among member municipalities. The partnership represents a total population of more than one million people and includes 13 municipalities (the municipal districts of Bighorn, Foothills, and Rocky View; the cities of Airdrie and Calgary; the towns of Black Diamond, Canmore, Chestermere, Cochrane, High River, Okotoks, Strathmore, and Turner Valley) plus the townsite of Redwood Meadows and the Tsuu T'ina First Nation. The Calgary Regional Partnership received an implementation grant for a variety of projects to share services and this work continues. Some of these initiatives include a regional transportation needs study, the development of a First Nations protocol, the implementation of a regional emergency communications strategy, and a regional sustainability study.

Emergency Services Technologist Training for Métis Youth

Municipal Affairs, in partnership with the **fire etc.** training centre and the Métis Nation of Alberta signed an agreement to deliver an Emergency Services Technologist diploma program for Métis youth. The diploma program commenced in March 2005 and is expected to produce significant benefits including:

- greater employability for program graduates in emergency services such as municipal fire departments, the ambulance service and industrial emergency services (e.g., oil sands plants);
- increased visibility for Métis persons in the public safety field; and
- opportunities for program graduates to pursue continued learning in the emergency services field.

Minister's Provincial/Municipal Council on Roles, Responsibilities and Resources in the 21st Century.

In 2004-05, the Minister's council initiated discussion of potential new revenue sources for municipalities, and it commissioned the Canada West Foundation to develop a report on options for addressing municipal infrastructure debt.

Providing current information quickly

Communications Inquiry Centre

The Safety Services Communications Inquiry Centre (CIC) was launched in 2004 to provide Albertans with a single contact point for technical advice and information. An average of 1,500 callers a month are making use of this new centre to find information on a variety of topics ranging from the building code to ski lifts. The CIC provides callers with current information

directly from experts, and it also allows Municipal Affairs to quickly and efficiently deliver specific safety information to targeted groups. The Communications Inquiry Centre can be reached toll free across the province at 1-866-421-6929.

Helping municipalities meet their needs

Unconditional Municipal Grant Program and Targeted Assistance

The Ministry provided unconditional grants totaling $21.1 million in 2004-05 to support municipalities. This included $900,000 for municipal restructuring (amalgamation and/or dissolution) activities, and $1.3 million in grants under the Regional Partnerships Initiative to 130 municipalities to explore shared services and other partnership opportunities. It also included targeted assistance in the form of $4.9 million in municipal grants provided to 100 municipalities to recognize their financial challenges. The grants were provided to 18 rural and 82 urban municipalities that qualified, based on the funding formula developed by the two municipal associations: the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts & Counties.

Emergency Management

Emergency Management Alberta (EMA) completed an upgrade to the Alberta Emergency Public Warning System in 2004-05. The province-wide system uses radio, television and cable broadcasts to alert Albertans in the event of major emergencies or child abductions. In addition, EMA, which is considered a leader in emergency management, briefed United States Government officials on emergency management and security practices in Alberta.

Barrier-Free Council

In response to the *Safety Codes (Barrier-free Design and Access) Amendment Act* that came into force in 2004, Municipal Affairs and the Safety Codes Council (SCC) established a new Barrier-Free Council as part of the SCC. The new council builds on the work of the former Barrier-Free Design Advisory Committee and enhances the role of persons with disabilities regarding safety codes issues. The council's members will help develop and promote policy regarding barrier-free access in Alberta.

Municipal Sponsorship Program

The Municipal Sponsorship Program continued to assist Alberta municipalities by providing grants for projects that promote innovation, excellence, and co-operation in improving municipal governance or administration; enhancing municipal services or service delivery; and/or increasing intermunicipal co-operation. In 2004-05, a total of 273 applications were received, and grants totaling $12.9 million were awarded. The program is open to municipalities with populations of 20,000 or less. For the first time since the program was introduced in 1998, summer villages were eligible to participate in the program, subject to special conditions.

ME first!

The *ME first!* program provided interest-free funding for municipal projects that improve energy savings and reduce greenhouse gas emissions. In 2004-05 the program provided $8.8 million in interest-free loans to 23 municipalities, representing 25 energy efficiency projects. Examples of funded projects include a partnership between the city of Grande Prairie, the County of Grande Prairie and the town of Sexsmith to provide centrally generated heating to select buildings using locally generated wood residue, and the town of Bow Island, which is planning to replace two unit heaters and six furnaces with energy efficient units and install seven electronic programmable thermostats.

Minister's Awards for Municipal Excellence

The Minister's Awards for Municipal Excellence program saw its third year, with 26 leading municipal practices submitted to the program, seven of which won awards. Municipal Excellence is an online network that captures and shares the wealth of knowledge that exists in all of Alberta's municipalities. This initiative is a collaboration among Alberta municipalities, Municipal Affairs and Alberta's municipal associations. The *MEnet* website contains more than 280 municipal leading practices and another 30 are being added. Other resources that may be useful to municipal practitioners in the areas of councils, administration, human resources, finance, infrastructure, development, safety and community services are also available through *MEnet*. There were 473 registered users in 2004-05, and approximately 48,500 visits to the site.

Regional Partnerships Initiative

In 2004-05, 12 partnerships were approved for funding, for a total of $1.3 million. The Regional Economic Development Initiative for Northwest Alberta (REDI) is an example of a regional partnership that moved from the exploration of activities phase to implementation. The REDI is composed of the Municipal District of Mackenzie, the town of High Level, and the town of Rainbow Lake, representing a total population of 14,722. The REDI's implementation includes initiatives to develop and implement regional solutions to airport management, recreational opportunities, and processes that add value to agricultural products.

Municipal Internship Program

The 2004-05 Municipal Internship Program placed 11 interns in 14 municipalities. The program received 19 applications from municipalities to host interns for 2005-06. This program aims to help Alberta municipalities with their needs for staff succession planning by training and developing administrative leaders for the future. It provides a grant to help pay some of the interns' wages and expenses.

Dispute Resolution Activities

In 2004-05, 15 new mediations to help municipalities work out disputes were commenced in the Intermunicipal Dispute Resolution Program. In the course of the year, eight mediations were completed, two were withdrawn, two put on hold, and six are ongoing. This program helps develop local solutions to local problems and includes pre-mediation services to determine if a dispute can be mediated. The cost of mediation is shared between all parties, including the Ministry. The program continues to have both a high success rate and a high satisfaction rating.

In the Local Dispute Resolution Program, staff continued to work with five municipalities in implementing new conflict management systems. Funding of up to $35,000 is provided to help municipalities assess any current dispute resolution systems and make recommendations for improvement. An additional $15,000 is available to help municipalities improve their dispute resolution processes. Over the past year, five municipalities that have implemented the program have worked with Municipal Affairs to develop public participation materials specifically designed for smaller municipalities.

Turtle Mountain Monitoring Project

In 2004-05, the Turtle Mountain monitoring project established a monitoring system that will warn authorities and residents in the Crowsnest Pass area in the event of an imminent rock slide from the south peak of Turtle Mountain. Emergency Management Alberta led this project to mitigate loss in the event of a rock slide similar to the one that occured in the town of Frank on April 29, 1903. The Alberta Energy and Utilities Board is responsible for the long-term monitoring of seismic activity on Turtle Mountain.

Municipal Government Board

Timely, impartial decisions of high quality

The Municipal Government Board's (MGB) activity levels increased in 2004-05, with 1,535 hearings held. Increases in workload have been continuous since 1998, when 524 hearings were conducted. The number of appeals and complaints has increased in most appeal categories. Property assessment appeals and linear assessment complaints continue to account for the majority of the work before the MGB. In 2004-05, working more closely with parties and managing appeals led to fewer appeals going beyond 150 days.

Cross-Ministry Initiatives

Economic Development Strategy

Municipal Affairs participated in the Economic Development Strategy Cross-Ministry Initiative Committee, as well as compiling the details of programs with rural development objectives for the Rural Development Framework component of the Economic Development Strategy.

Municipal Affairs also participated in the Regional Economic Development sub-committee in support of the Economic Development Strategy to implement a collaborative approach to regional economic development.

Aboriginal Policy Initiative

Municipal Affairs continued helping aboriginal communities become accredited under and administer the *Safety Codes Act*, developing and maintaining emergency plans, and promoting targeted fire prevention and safety initiatives. In addition, the department established an Aboriginal Advisor position in the Fire Commissioner's Office to help facilitate the implementation of improved fire safety programs in Alberta's Aboriginal communities.

Major Consultations

Government Emergency Management Regulation

Protecting Albertans from potential terrorist activity

Following the events of September 11, 2001, the Government of Alberta established a Task Force On Security to develop strategies to protect Albertans from potential terrorist activity in the province. As part of its responsibility for drafting new security management legislation, the task force determined the Government Emergency Planning Regulation needed revision to further define, update, and clarify the responsibilities of government departments in regard to planning for and mitigating against security threats. The revisions would also ensure critical services are provided to Albertans during an emergency.

As revising the existing regulation would impact all government departments and several stakeholder organizations, it was necessary to conduct an extensive consultation. After completing work on a preliminary draft of a new Government Emergency Management Regulation in June 2004, Municipal Affairs circulated the draft regulation and a discussion paper for review and comment by all government departments and the Alberta Corporate Service Centre, Executive Council, the Personnel Administration Office, the Public Affairs Bureau, and the Alberta Energy and Utilities Board.

Feedback collected during this consultation will be used to prepare the final version of a new regulation that will ensure Alberta's emergency management framework remains a standard of excellence in Canada and North America.

Legislative and Policy Changes

Local Government Services

Bill 28, the *Municipal Government Amendment Act*, 2005, was introduced into the Legislature on March 16, 2005. The Bill clarified provincial/municipal jurisdiction regarding the linear assessment process, the assessment of Crown leases in provincial parks and recreation areas, added provisions to allow municipalities to set and collect a community aggregate payment levy, and added provisions to allow municipalities to set and collect a community revitalization levy.

Bill 3, the *City of Lloydminster Act*, received third reading in the Legislature on March 24, 2005. The *Act* recognizes the status of Lloydminster and provides a new legislative framework for the city. The *Act* also provides the authority for Alberta and Saskatchewan to pass a new Lloydminster Charter, which would outline the details for the administration and operation of the city.

Three regulations were reviewed to meet the requirements for regulatory review, and then re-enacted: the Regional Shopping Centre Allocation of Assessment Regulation; the Electric Energy Generation Exemption Regulation; and the Extension of Linear Property Regulation.

In addition, the Matters Relating to Assessment and Taxation Regulation was reviewed in accordance with the requirements of regulatory review. The regulation was re-enacted with minor amendments and restructured to improve its flow and readability.

The following legislative changes were made in 2004-05:

- a new regulation was passed under section 250(4) of the *Municipal Government Act* to allow the town of Vulcan and Vulcan County to purchase capital equipment for the Wildrose Network as an investment to offset future capital costs;
- the Debt Limit Regulation was reviewed and approved in accordance with the requirements of regulatory review;
- an amendment to the Calgary International Airport Vicinity Protection Area Regulation was prepared to allow for a medical clinic in an existing building;
- a new city of Red Deer Election Regulation was approved to allow the city to modify its voting procedure for blind voter templates;
- the Edmonton Election Amendment Regulation, which modified provisions regarding campaign worker identification was approved and filed;
- amendments were made to the Local Authorities Election Forms Regulation regarding francophone school elections;
- amendments to the Calgary Election Regulation relating to mail-in ballots were approved and filed;
- an amendment to the Lloydminster Charter was prepared to allow the city of Lloydminster to use the Alberta assessment and taxation provisions for the 2005 tax year. The amendment becomes effective on

January 1, 2005, provided Saskatchewan approves similar changes to the Charter; and

- the Municipal Affairs Grants Regulation was amended twice during the fiscal year. The first amendment allowed summer villages to apply for grants under the Municipal Sponsorship Program. The second amendment extended the payment of grants in place of taxes for non-profit, unsubsidized seniors accommodation units to cover the 2005 taxation year.

Finally, the following two new regional services commissions were established: the Vulcan District Waste Commission and the North Red Deer River Water Services Commission. Both came into force on June 9, 2004.

Public Safety Division

The Public Safety Division amended and extended the following regulations in 2004-05:

- the Amusement Rides Standards Regulation was amended to include provisions for recoil-tethered amusement rides;
- the Passenger Ropeways Standards Regulation was amended to include a new supplement to the code regarding conveyors;
- the Boilers and Pressure Vessels Regulation was extended;
- the Design, Construction and Installation of Boilers and Pressure Vessels Regulations were extended through amendment; and
- the Boilers and Pressure Vessels Exemption Order was extended through amendment.

Key Factors Influencing Performance

Flooding

Floods

Overland flooding had a significant impact on the province in 2004-05. Municipal Affairs' disaster recovery programs provided more than $24 million in compensation to help Albertans and municipalities recover from these disastrous events.

Defence of linear assessment appeals

Linear assessment appeals

Over the past few years, the Assessment Services Branch has taken a more assertive stance when it comes to linear property assessment appeals. This attitude is due, in part, to more consistent data, improved business practices, and better communication with stakeholders. Another factor has been the development and implementation of the last two stages of the Alberta Linear Property Assessment System (ALPAS). ALPAS is a computerized data-management and data-production system for the assessment of linear property. The system improves the consistency of data and provides the ability to disseminate linear assessment reports electronically.

FUTURE CHALLENGES

Pandemic influenza

There is widespread agreement among global health authorities that an outbreak of pandemic influenza is likely to impact North America within the next 10 years.

Pandemic influenza would have an impact on all sectors of society and across a wide range of demographic groups, with subsequent negative effects on the economy and society as a whole. A severe outbreak would put municipal and provincial emergency plans to the test, and the potential illness of large numbers of staff could lead to wide-scale implementation of business continuity plans.

Alberta Health and Wellness is the lead agency in this area. Emergency Management Alberta's role is to co-ordinate a Government of Alberta response based on what Alberta Health and Wellness requires.

Municipal pressure

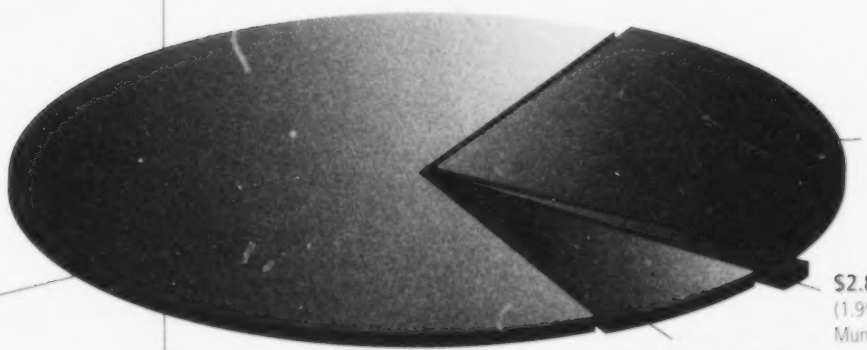
Municipalities continue to face financial pressure as some face declining property tax assessment bases, while others face rapid growth pressures. Municipal Affairs has the opportunity to work with its municipal partners and assist in the development of strategies to enhance services provided to Albertans.

Financial Highlights

Ministry of Municipal Affairs
For the year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
			(Restated)
Revenues	$ 26,134	$ 46,567	$ 45,226
Expenses	122,992	148,568	138,995
Net Operating Results	$ (96,858)	$ (102,001)	$ (93,769)
Capital Expenditures	**$ 1,512**	**$ 1,013**	**$ 4,685**

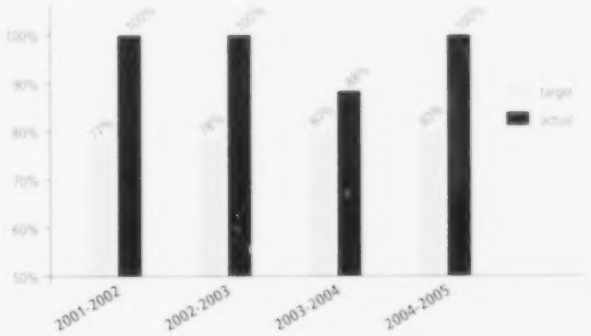
Voted Program Expenses



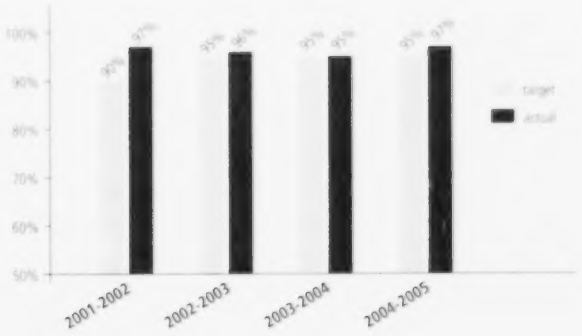
	2005	2004
	(thousands of dollars)	
Assets	$ 46,058	$ 50,392
Liabilities	$ 56,007	$ 50,481
Net Liabilities	$ (9,949)	$ (89)

Performance Measures Highlights

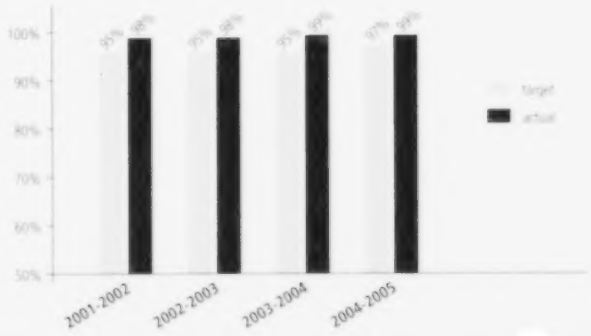
Client satisfaction with Local Government Services



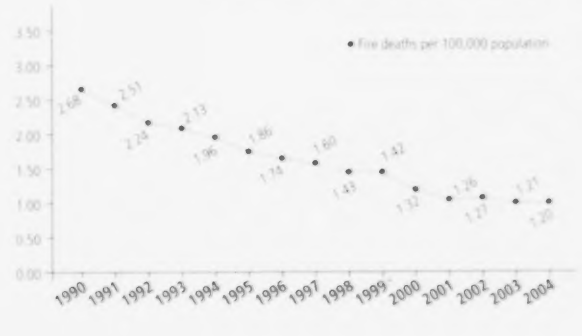
Satisfactory administration of the *Safety Codes Act*



Financially accountable municipalities †



Ten-year moving average of fire death rate per 100,000 population



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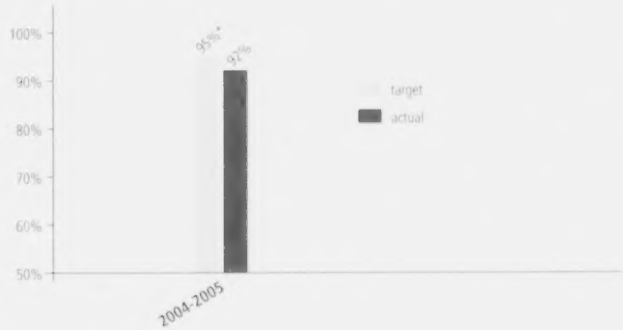
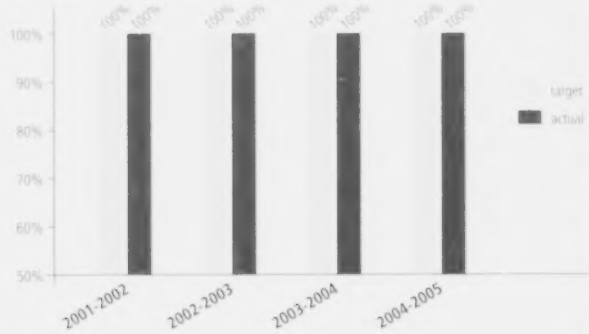
Performance Measures Highlights *(continued...)*

Assessment rolls meet standards†

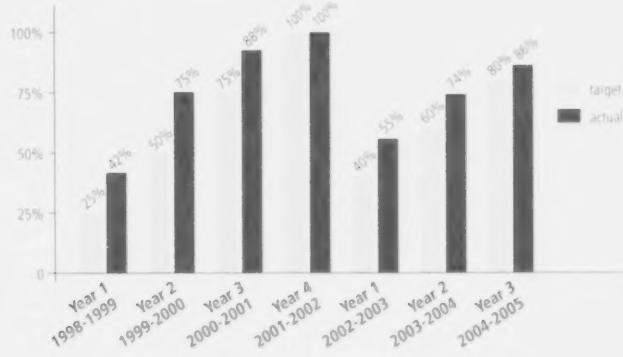


***Note:** The 2004-05 target was established prior to the changes in methodology in that year and therefore is not directly comparable with 2004-05 actual results. The 2005-06 results will be used as a baseline upon which to establish future targets.

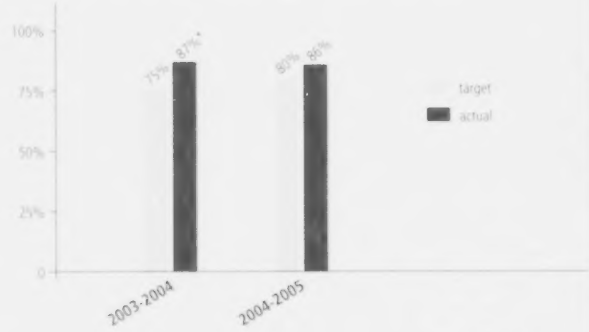
Disaster claims within 30 days



Emergency preparedness testing



Stakeholder satisfaction with Municipal Government Board



Note: The 2003-04 actual result has been restated to 87 per cent to conform with the current methodology.

Source for graphs:

Alberta Municipal Affairs and Municipal Government Board

† **Note:** Results are reported on a calendar year basis, which is the fiscal year for the municipalities. The most recently available data for the results are from the calendar year prior to the fiscal year in which they are reported. So for the 2004-05 reporting period, the data for the results are from the 2003 calendar year.

RESULTS ANALYSIS

Deputy Minister's Message

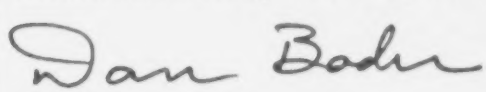
"The Ministry continued to support a number of programs and initiatives aimed at making this province's communities well-managed, appropriately funded, and prepared for disasters and emergencies."

Building and maintaining strong partnerships with municipalities led to another successful year for Municipal Affairs. The Ministry continued to support a number of programs and initiatives aimed at making this province's communities well-managed, appropriately funded, and prepared for disasters and emergencies.

In the area of public safety, more than $24 million was made available through three disaster recovery programs, aimed at helping municipalities recover after severe weather events. In addition, Municipal Affairs, through Emergency Management Alberta, completed upgrades to two important public warning systems: the Alberta Emergency Public Warning System, used to provide Albertans with vital information in the event of a potential emergency; and the Emergency Management Alberta Operations Centre, used as the province's co-ordination centre during disasters or major emergencies. Both were upgraded to ensure Albertans receive timely information and services during disasters and emergencies. As well, the Fire Services Training Initiative was improved and continued for the second year, providing $500,000 in grants for certified training courses for Alberta's firefighters.

On the local government services side, Municipal Affairs continued to offer a number of grant programs to municipalities, with an emphasis on promoting regional co-operation. For example, 12 partnerships shared $1.3 million in funding through the Regional Partnerships Initiatives, and the Calgary Regional Partnership was formed to foster regional co-operation, enhance municipal service delivery and support economic development activities among 13 member municipalities. In addition, the *ME first!* program distributed more than $8 million to municipalities in interest-free loans for energy saving projects; the Banff-Jasper Special Infrastructure Assistance Program was introduced to provide $12.5 million in assistance to the two Rocky Mountain National Park service centres over the next five years; and grants went to municipalities for things such as improving governance and service delivery.

Municipal Affairs' management team and staff continued to be an excellent example of the good work that can be accomplished with dedication and commitment – my thanks to them for their willingness to get the job done. I look forward to seeing what we can accomplish in the future.



Dan Bader
Deputy Minister, Municipal Affairs

AUDITOR GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Municipal Affairs performance measures in the *2004-2005 Annual Report of the Ministry of Municipal Affairs*, I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from within the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2004.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the performance measures included in the *2004-2005 Annual Report of the Ministry of Municipal Affairs*.

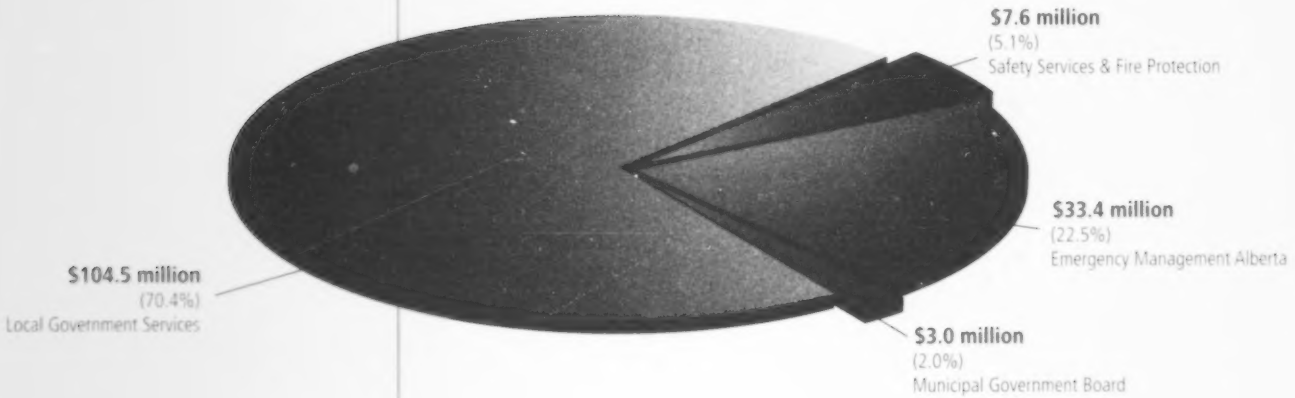
Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
July 15, 2005

Expense by Core Business

Ministry of Municipal Affairs
For the year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
			(Restated)
Local Government Services	$ 101,391	$ 104,465	$ 110,242
Safety Services & Fire Protection	11,984	7,638	11,848
Emergency Management Alberta	6,220	33,427	13,682
Municipal Government Board	3,397	3,038	3,223
	$ 122,992	**$ 148,568**	**$ 138,995**



The Ministry Support Services expenses and valuation adjustments, as reported on the Statement of Operations, have been allocated to each core business. Also the Public Safety Division support expenses are allocated between the Safety Services & Fire Protection and Emergency Management Alberta core businesses.

Expense by Function

Ministry of Municipal Affairs
For the year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual
			(Restated)
Protection of Persons and Property	$ 13,738	$ 38,141	$ 21,029
Regional Planning and Development	79,138	80,473	90,855
General Government	30,116	29,954	27,111
	$ 122,992	**$ 148,568**	**$ 138,995**

Goals, Results and Measures by Core Business

Core Business 1 – Local Government Services

Goal 1: An effective, responsive, co-operative and well-managed local government sector

Results

- Introduced the Banff-Jasper Special Infrastructure Assistance Program to provide $12.5 million in assistance to the two Rocky Mountain National Park service centres over the next five years.

Interest-free loans for energy savings

- Continued to support the *ME first!* program by providing interest-free loans for municipal projects that improve energy savings and reduce greenhouse gas emissions. In 2004-05 the program provided $8.8 million in interest-free loans to 23 municipalities for 25 energy efficiency projects. Municipal Affairs also initiated a review of the delivery and administration of the *ME first!* program.
- Administered the third year of the Minister's Awards for Municipal Excellence program. Seven leading practices involving 26 municipalities were recognized at the 2004 award ceremonies.
- Prepared the *City of Lloydminster Act*, which received third reading in the Legislature on March 24, 2005. It recognizes the status of Lloydminster and provides a new legislative framework for the city. The *Act* also gives the respective provinces authority to pass a new Lloydminster Charter, which would outline the details for the administration and operation of the city.
- Introduced Bill 28, the *Municipal Government Amendment Act*, 2005 into the Legislature on March 16, 2005. The Bill clarified the provincial/municipal jurisdiction regarding the linear assessment process, the assessment of Crown leases in provincial parks and recreation areas, added provisions to allow municipalities to set and collect a community aggregate payment levy, and added provisions to allow municipalities to set and collect a community revitalization levy.

Supporting municipal staffing needs

- Placed 11 interns in 14 municipalities through the 2004-05 Municipal Internship Program. This program helps Alberta municipalities with their staffing needs by supporting the training and development of administrative leaders for the future.
- Commenced 15 new mediations through the Intermunicipal Dispute Resolution program in addition to existing mediations. In the course of the year, eight mediations were completed, two were withdrawn and two were put on hold. Six remain ongoing. The program continues to have both a high success rate and a high satisfaction rating.

Supporting municipal-provincial dialogue

- Continued to work with five municipalities in implementing new conflict management systems through the Local Dispute Resolution program.
- Conducted the Finding Agreement on Difficult Issues course in Edmonton, Cold Lake, Okotoks and Grande Prairie. During this course, more than 95 municipal leaders increased their understanding and skills in dealing with conflict.
- Continued to provide secretariat support and policy analysis for the Minister's Provincial/Municipal Council on Roles, Responsibilities and Resources in the 21st Century. In 2004-05 the council continued to discuss potential new municipal revenue sources, and commissioned the Canada West Foundation to prepare a report on the current status of the municipal infrastructure debt and options for reduction.
- Continued to support the Muniversity program, which consists of a series of courses offered in 16 one-day sessions delivered through the University of Alberta. These sessions are aimed at developing the skills that will enable Alberta's mayors, reeves, councillors and municipal staff to lead Alberta's municipalities into the future.
- Continued to fund and support the Municipal Infrastructure Management System (MIMS), which provides small- to medium-sized municipalities with an affordable, easy to use tool for planning, managing and better sustaining their local infrastructure. MIMS now has 63 fully operational users, as well as 14 engineering firms and 27 additional municipalities in various stages of training.
- Delivered 19 workshops to inform and increase councillors and administrators' understanding of the roles, responsibilities and relationships in governance at the municipal level. 460 people attended the sessions in various locations around the province.
- Assisted municipalities undergoing restructuring, including amalgamations, dissolutions, status changes, and name changes. In 2004-05, dissolution studies were completed for the villages of Hughenden, Holden, Sangudo, Hussar, and Willingdon and the town of Lac La Biche.
- Completed a security audit of *milenet*, Municipal Affairs' online system for accessing services from the department.
- Continued to support the Regional Partnerships Initiative, established in 1999 to foster regional co-operation among groups of at least three partner municipalities and potentially other public and private organizations. To date, grants worth more than $5.8 million have been approved for 50 partnerships. In 2004-05, 12 partnerships were approved for funding totaling $1.3 million.
- Developed the Calgary Regional Partnership to foster regional co-operation, enhance municipal service delivery and support economic development activities among member municipalities. The partnership represents a total population of more than one million and includes 13 municipalities, plus the townsite of Redwood Meadows and the Tsuu T'ina First Nation.

New financial tools for municipalities

- Provided advice and support to an industry/municipal task force on resolution issues related to sand and gravel development, and co-ordinated the development of a *Municipal Government Act* (MGA) amendment providing municipalities with the authority to implement a community aggregate payment levy.
- Initiated a review of the Edmonton International Airport – Airport Vicinity Protection Area Regulation in conjunction with the cities of Edmonton and Leduc, Parkland County and the Edmonton Airport Authority. The department also carried out technical studies relating to airport activity and held public information sessions.
- Provided advice on all financial aspects of local government to municipal finance officers, auditors and other financial professionals, to the public, and to councils and administrations.
- Provided advice on interpreting the MGA and related legislation to Albertans and municipal councils and administrators.
- Participated in the Alberta Association of Municipal Districts & Counties-Alberta Urban Municipalities Association Advisory Committee on Aboriginal Issues, and worked towards developing an informal terms of reference and list of expectations for a municipal association/ provincial government working group.
- Participated in an interdepartmental committee on the Rural Development Strategy.
- Completed a survey of chief administrative officers across the province, and achieved a response rate of 85 per cent.
- Continued to support the Title Mapping Project, which links land titles to the cadastral base across the province.
- Prepared financial indicator graphs for the reporting period ending December 31, 2003 for distribution to municipal officials.
- Monitored financial statements for compliance with legislated and industry standards.
- Continued reviewing provincial land use policies to determine the applicability of Smart Growth principles. Received confirmation of the scoping process from core Deputy Ministers.
- Participated in the interdepartmental West Nile virus program committee.
- Continued to contribute to the on-going implementation of Alberta Environment's Water Strategy-Water for Life.

Keeping public safety at the forefront

- Represented Municipal Affairs on the Alberta Energy and Utilities Board (EUB) committee implementing the recommendations of the Provincial Advisory Committee on Public Safety and Sour Gas. The committee, addressing municipal input on EUB policy, finalized a protocol which will be used by the EUB and municipal associations.
- Co-operated with Parks Canada and the town of Banff on the annual update to the Banff Agreement Instrument of Entrustment, which gives the town the authority to govern.
- Continued to act as liaison for the Hutterite Land Committee with the proposed development of new Hutterite colonies.

- Participated in several interdepartmental initiatives relating to the provincial infrastructure needs in the Wood Buffalo region in light of existing and planned oil sands development and related economic activity, as well as population growth.
- Prepared and submitted a comprehensive request to the Capital Planning task force (Alberta Infrastructure, now Alberta Infrastructure and Transportation) outlining the immediate needs for provincial infrastructure and the related costs.

Performance Measure

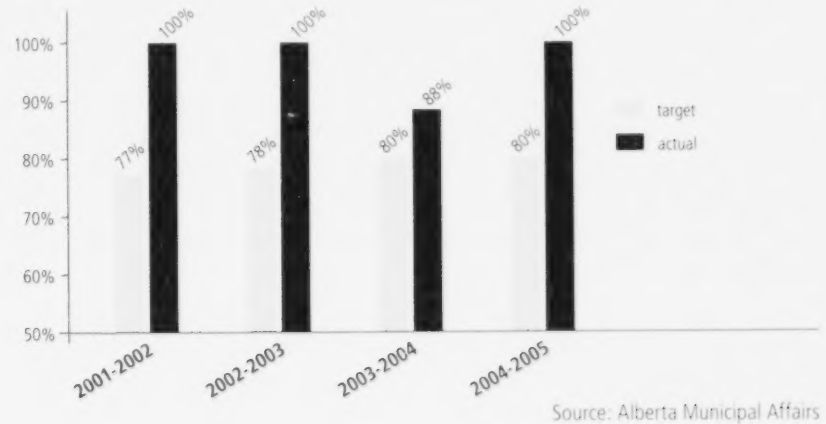
Measure: Level of satisfaction with the Local Government Services Division's (LGS) activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector. It calculates the percentage of units within LGS that achieved their individual performance targets. Unit performance is determined through a satisfaction survey of stakeholders.

Description: Stakeholder satisfaction rates are a strong indicator of the effectiveness of Municipal Affairs' activities, services, programs and legislative framework, which are designed to enable, promote and support an effective, responsive, co-operative and well-managed local government sector. An annual client satisfaction survey measures stakeholders' satisfaction with the services they received from LGS.

Target: 80 per cent.

Actual Results: The target was exceeded in 2004-05 with an actual result of 100 per cent.

Client satisfaction with Local Government Services



Source: Alberta Municipal Affairs

In 2003-04, seven of the eight units met their targets. One unit was negatively impacted by the transfer of responsibility for a grant program to another unit. Overall satisfaction levels may be similarly impacted in 2005-06 as a result of the recent reorganization of responsibilities within the Assessment Services Branch; therefore, the individual unit targets may be reassessed in the 2006-09 Business Plan.

Analysis

The target has been exceeded each year since the measure was established. The actual results indicate a high level of satisfaction with the services provided by Local Government Services (LGS) to enable, promote and support an effective, responsive, co-operative and well-managed local government sector.

The measure is calculated based on the percentage of the units within LGS that achieved their performance targets. In 2004-05, all nine LGS units met or exceeded their targets. The recently formed Municipal Organizational Development Unit was included for the first time in the measure for 2004-05.

Units within Local Government Services that achieved their performance targets

Local Government Services Unit	Target by Unit	Result Attained	Met Target (Yes/No)
Planning and Co-ordination Unit	80 per cent overall satisfaction	82 per cent	Yes
Legislative Projects Unit	80 per cent overall satisfaction	88 per cent	Yes
Municipal Advisory Servies Unit	80 per cent overall satisfaction	96 per cent	Yes
Grants and Administration Unit	81 per cent overall satisfaction	92 per cent	Yes
Municipal Organizational Development Unit*	75 per cent overall satisfaction	80 per cent	Yes
Linear Property Assessment Unit	65 per cent overall satisfaction	71 per cent	Yes
Education Tax and Equalized Assessment Unit	74 per cent overall satisfaction	84 per cent	Yes
Assessment and Property Tax Policy Unit	70 per cent overall satisfaction	82 per cent	Yes
Assessment Audit Unit	65 per cent overall satisfaction	81 per cent	Yes
Percentage of Units Meeting Their Targets	**80 per cent of the units meet their targets**	**100 per cent**	**Yes**

*Included for the first time in 2004-05

Source: Alberta Municipal Affairs

In 2003-04, seven of the eight units met their targets. One unit was negatively impacted by the transfer of responsibility for a grant program to another unit. Overall satisfaction levels may be similarly impacted in 2005-06 as a result of the recent reorganization of responsibilities within the Assessment Services Branch; therefore, the individual unit targets may be reassessed in the 2006-09 Business Plan.

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Assessment Audit Unit	65 per cent overall satisfaction	81 per cent	Yes
Percentage of Units Meeting Their Targets	**80 per cent of the units meet their targets**	**100 per cent**	**Yes**

*Included for the first time in 2004-05

Goal 2: Financially sustainable and accountable municipalities

Results

Administered several grant programs for municipalities. The department provided municipalities with:

- $29.9 million through the Grants in Place of Taxes Program;
- $21.1 million in unconditional grants that include a targeted assistance payment of $4.9 million to 100 municipalities, helping them address financial challenges; $1.3 million under the Regional Partnerships Initiative to 12 partnerships to explore shared-services and related partnership opportunities in their respective regions; and $0.9 million for restructuring activities;

Financial support to improve local government service delivery and practices

- $12.9 million to improve governance, administrative services, or service delivery practices through the Municipal Sponsorship Program, including a 25 per cent bonus for eligible projects involving intermunicipal co-operation. Funding was provided to 325 municipalities for a variety of projects including recreation, emergency services, municipal buildings, economic development, computers and other municipal priorities;
- $5.2 million through the Municipal Debenture Interest Rebate Program; and
- $9.6 million to 46 local authorities to help them address various municipal matters including:
  - $3 million to the town of Cochrane to help fund the cost of providing permanent water and sewer systems for the Bow Valley High School;
  - $1.6 million to the town of Banff for its downtown infrastructure rehabilitation;
  - $1.2 million to the Alberta Urban Municipalities Association to develop four toolkits for municipal leaders (Citizen Engagement, Regional Service Delivery, Technology-e-government, and Municipal Governance); support participation in the delivery of the *ME first!* Program; develop its President's Summit on Municipal Sustainability; and support convention expenses;
  - $1.1 million to subsidize loan interest for 23 municipalities that borrowed funds under the *ME first!* program for projects that improve energy savings and reduce greenhouse gas emissions;
  - $882,000 to the municipality of Jasper for a pedestrian trail, visitor and RV parking development, and traffic control and intersection modifications;
  - $696,000 to various other municipal entities to undertake projects relating to municipal matters such as municipal operation and organization;
  - $340,000 to 10 municipalities to provide on-the-job training in local government to municipal interns;

- $285,000 to Strathcona County for the following projects: $150,000 to implement enhanced land area planning tools for the Beaver Hills/ Cooking Lake/Moraine Area; $98,000 to develop and implement a water demand management plan for the regional water customers' group; and $37,000 to conduct a census pilot project;
- $206,000 to the University of Alberta to deliver the Muniversity program for two years;
- $200,000 to the Alberta Association of Municipal Districts & Counties for a number of projects including: $70,000 to support participation in the delivery of the *ME first!* program; $50,000 to develop a toolkit for rural/urban cost-sharing committee; $30,000 to develop a municipal guide to sand and gravel operations in Alberta; $20,000 to conduct a training needs assessment for Muniversity; $15,000 to enhance the dispute resolution peer network; and $15,000 to support convention expenses; and
- $77,000 in mediation grants to six municipalities for dispute resolution.

Performance Measure

Measure: Percentage of municipalities meeting Ministry's criteria of financial accountability. This measure is also reported in the Government of Alberta's Annual Report in the *Measuring Up* section as Goal 6: Alberta will have an effective, responsive and well-managed local government sector.

Description: The source for the measure is the *Municipal Government Act* (MGA). The MGA does not contain a definition of "financial sustainability and accountability." However, there are legislated limits that, if consistently exceeded, would indicate major financial management stress, if not failure. These include:

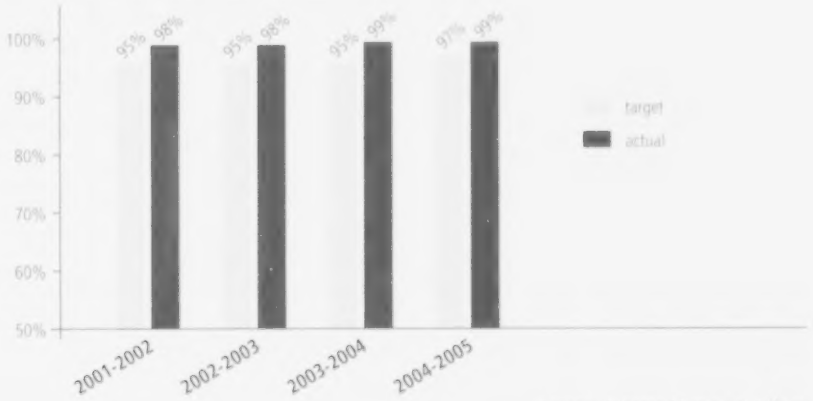
- **Section 244:** sets a criterion that if the sum of the three previous years' revenues, transfers and expenditures place the municipality in a deficit position, that has to be rectified in the fourth year's operating budget;
- **Section 252:** prohibits borrowing unless it is within the debt limit or is approved by the Minister. The Debt Limit Regulation sets limits on municipal debt in two ways: debt and debt service;
- **Section 278:** obligates the municipality to submit an audited standardized financial information return and audited financial statements by the defined date; and
- **Section 282:** authorizes the Minister to appoint an auditor to review the financial affairs of the municipality under certain circumstances.

Exceeding any one of the limits does not necessarily imply a lack of sustainability. However, a pattern of regularly exceeding the limits or not addressing the associated problems proactively is a good indicator of financial or other viability issues.

Target: 97 per cent.

Actual Results: The target was exceeded in 2004-05 with a result of 99 per cent.

Financially accountable municipalities



Source: Alberta Municipal Affairs

The results reported in this measure are from the calendar year prior to the fiscal year in which they are reported, so for 2004-05 annual reporting, Municipal Affairs reports on the municipalities' 2003 calendar year. The result for each of the years as calculated provides thresholds of tolerance against which to examine future years' results.

Analysis

The target has been exceeded each year since the measure was established. Actual results have been increasing, indicating a high level of achievement towards the goal of financially sustainable and accountable municipalities.

The results indicate there are a minimal number of municipalities with serious accountability problems. Municipal Affairs continues to review municipal financial information and provide assistance and advice as required and requested.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Making annual assessments easier

Results

- Completed the Assessment Shared Services Environment (ASSET) system, which became fully operational in 2004-05. In 2004, 352 of 354 municipalities successfully loaded their annual assessments into the ASSET system. This was the first year that the department conducted annual audit stage one tests using the ASSET system. These tests determined whether the municipality's assessments met the regulated quality standards. By March 31, 2005, 343 municipalities had loaded assessment data into the ASSET system, which was several months earlier than in 2004.
- Undertook an in-depth review of the information submitted into ASSET. The review involved reconciling ASSET data submissions and local tax bylaws. As a result, there is a high level of confidence in the assessment that was used to establish the 2005 equalized assessment. This is the first year that the equalized assessment was established using the ASSET submission.
- Completed development and implementation of the last two stages of the Alberta Linear Property Assessment System (ALPAS). ALPAS is a new, computerized data-management and data-production system for assessing linear property. The system improves the consistency of data and provides the ability to disseminate linear assessment reports.
- Prepared and disseminated the 2004-05 linear assessments one month earlier than the legislated date of February 28. Of the approximately 400,000 assessed linear properties as defined by the *Municipal Government Act*, formal complaints were received on about two per cent (8,891) of the linear assessments.
- Validated the assessments of 352 provincially owned properties. This ensures Crown property is assessed equitably in comparison to similar properties not owned by the Crown, so that municipalities receive grants in place of taxes on Crown properties that are based on fair assessments.
- Conducted detailed assessment audits on 71 municipalities.
- Continued to work with stakeholder groups to review rates and depreciation factors for the assessment and taxation of regulated industrial properties including pipelines, oil and gas wells, electric power systems, light oilfield machinery and equipment, railway property, and telecommunications systems.

Performance Measure

Measure: percentage of municipal assessment rolls which meet provincial standards for procedures, uniformity, and equity.

Description: This performance measure is a statistical indicator of the overall level of compliance with the quality standards in

the Matters Relating to Assessment and Taxation Regulation of the *Municipal Government Act*.

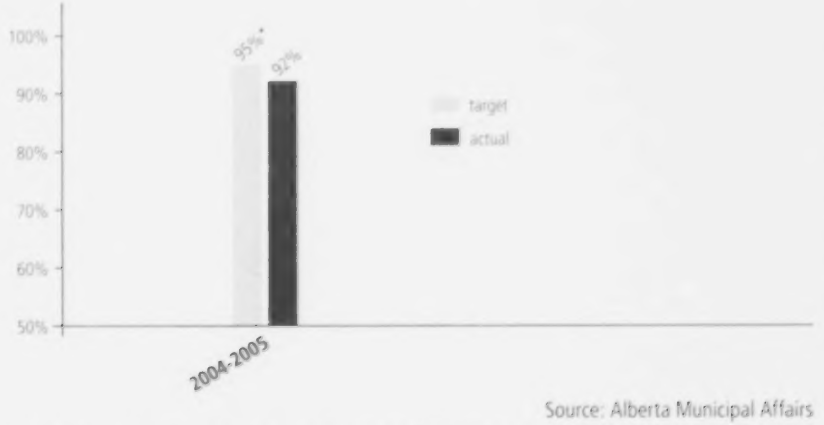
Part of Municipal Affairs' role in Alberta's assessment and property tax system is to communicate assessment standards and monitor the quality of property assessments carried out by municipalities to ensure that a municipality's assessment is a fair basis for inter-municipal cost-shared programs, such as education. Further, the department monitors municipal assessment quality to ensure that assessments are distributed fairly within municipalities. Although not a direct measure of stakeholder confidence, increasing trends over time will demonstrate the department's effectiveness in improving the system. This is important in an environment where the preparation of assessments has been decentralized and is now performed by municipal contractors and employees. It supports the government's goal to build on the Alberta Advantage because an efficient and uniform assessment base within municipalities promotes a climate conducive to investment, wealth generation and job creation.

The annual assessment audit is used to monitor assessment uniformity of the system created following the Matters Relating to Assessment and Taxation Regulation. The objective of the audit is to verify that municipal assessments meet regulated quality standards.

Target: 95 per cent.

Actual Results: The target was not met in 2004-05, with a result of 92 per cent.

Assessment rolls meet standards



Source: Alberta Municipal Affairs

***Note:** The 2004-05 target was established prior to the changes in methodology in that year and therefore is not directly comparable with 2004-05 actual results. The 2005-06 results will be used as a baseline to establish future targets.

There were three changes to the assessment process that affected the results for this year. The first two changes were to the quality standards in the Matters Relating to Assessment and Taxation Regulation upon which the measure is based. The third change was a methodological change.

- The quality standard for the acceptable range of median assessment ratios was changed from between 0.90 and 1.10 to between 0.95 and 1.05. This change narrowed the difference between the assessed value and the market value of property in Alberta.
- The four property categories (Improved Residential, Vacant Residential, Improved Non-residential, and Vacant Non-residential) were reclassified as two (Residential and Non-Residential) because the vacant categories were too small for meaningful data collection.
- The use of value range strata rather than geographic area/neighborhood or property type to calculate the assessment to market value ratio. This helps ensure consistency across the province.

These changes in the measure reflect improved business practices and standards. Because the data upon which the measure is based was gathered in 2003, prior to the above changes in standards and methodology, the effects of these changes on the results could not be anticipated, meaning the targets could not be adjusted accordingly. The 2005-06 year will be the first year when all the data used to calculate the measure will have been collected after the stakeholders have had the chance to adapt to the new standards and methodology; therefore, the 2005-06 results will be used as a baseline upon which to establish future targets.

Analysis

Overall, the results show a vast majority of municipalities are complying with the *Municipal Government Act* and the quality standards in the Matters Relating to Assessment and Taxation Regulation.

Financial Information for Core Business 1

Local Government Services

Fiscal 2005 Actual Compared to Fiscal 2005 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the Annual Report), Local Government Services (LGS) can be shown as follows:

	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Local Government Services					
Division Support					
- Operating Expense	$ 5,045	$ —	$ 5,045	$ 4,107	$ 938
Municipal Services	8,381	—	8,381	7,184	1,197
Assessment Services	6,982	—	6,982	6,509	473
Unconditional Municipal Grant					
- Operating Expense	7,515	—	7,515	9,099	(1,584)
- Operating Expense Funded by Lotteries	12,000	—	12,000	12,000	—
Municipal Debenture Interest Rebate Program	5,399	—	5,399	5,198	201
Grants in Place of Taxes	30,278	—	30,278	29,953	325
Financial Support to Local Authorities	6,927	2,500	9,427	9,607	(180)
Municipal Sponsorship					
- Operating Expense	1,000	—	1,000	919	81
- Operating Expense Funded by Lotteries	12,000	—	12,000	12,000	—
	$ 95,527	**$ 2,500**	**$ 98,027**	**$ 96,576**	**$ 1,451**

Operating Expenses

LGS incurred expenses of $96.576 million and came in under the $98.027 million authorized budget by $1.451 million or 1.5 per cent. The unexpended amount was as a result of less activity than anticipated in three areas (restructuring, mediation, and emerging issues), increased internal efficiencies, and a reduced amortization requirement. These savings were somewhat offset by an over-expenditure in unconditional municipal grants.

The Expense by Core Business report (page 23 of the Annual Report) includes the indirect allocation of the Ministry support services expenses and the valuation adjustments.

	Capital Expenditures				
	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Local Government Services					
Capital Investment	$ 1,290	$ —	$ 1,290	$ 572	$ 718

Local Government Services incurred capital expenditures of $0.572 million and came in under the $1.290 million budget by $0.718 million, or 55.7 per cent. Projects with ongoing development work in fiscal 2005 were the Alberta Linear Property Assessment System (ALPAS), the Assessment Shared Services Environment (ASSET), and the Municipal Excellence Program. A portion of the unexpended funding was realigned to other areas within the Ministry.

Fiscal 2005 Actual Compared to Fiscal 2004 Actual (thousands of dollars):

	2004-05	2003-04	Decrease
Local Government Services	$ 96,576	$ 104,415	$ (7,839)

As reported on the Statement of Operations (page 69 of the Annual Report), Local Government Services incurred $96.576 million in fiscal 2005 operating expenses compared to $104.415 million in fiscal 2004. The result was a decrease of $7.839 million, or 7.51 per cent. The decrease was primarily due to the transfer of the police assistance component of the Unconditional Municipal Grant Program to the Department of the Solicitor General and Public Security during fiscal 2005.

Core Business 2 – Safety Services and Fire Protection

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Results

Tracking and sharing critical fire department resources

- Provided online stakeholder access through the *milenet* system to the Alberta Emergency Resource Inventory System (AERIS), which allows tracking and promotes sharing of critical municipal fire department resources.
- Partnered with **fire etc.** to develop and execute an agreement with the Métis Nation of Alberta to deliver an Emergency Services Technologist (EST) diploma program for Métis youth.
- Designed and established a Communications Inquiry Centre for stakeholders in Alberta's safety system to improve stakeholder access to technical advice and information.
- Instituted a new procedure for investigating safety system issues where discipline teams with formal guidelines and requirements develop conclusions and make recommendations to management and the Safety Codes Council (SCC).
- With the SCC, initiated a project to track and provide public accessibility to information on the status of permits and safety codes orders for construction projects.
- Worked with the SCC to develop a new process for monitoring safety code orders.
- Monitored the SCC's administration of outstanding grants to owners of sites remaining in the Underground Petroleum Storage Tank Site Remediation Program. The council completed clean up of 140 sites in 2004-05 and made significant progress on others, leaving 212 sites to be addressed.
- Improved administration of the regional Fire Services Training Initiative following consultation with key stakeholders. The 2004-05 initiative provided $500,000 in grants to 22 regional providers that will allow them to conduct certified training courses for firefighters from surrounding departments. Funding provided in 2003-04 supported the training of 2,200 firefighters in 210 courses during 2004-05 that covered topics from fire cause and origin to dangerous goods operation.

Recognizing emergency service providers

- Awarded Alberta Emergency Services Medals to 1,157 emergency services personnel to recognize their vital role in Alberta's communities.
- Established an Aboriginal Advisor position in the Fire Commissioner's Office to help facilitate the implementation of improved fire safety programs in Alberta's Aboriginal communities.

- Hosted a meeting of the National Public Safety Advisory Committee, and partnered with its members in providing a forum for regulators from all provinces and territories to co-operatively promote greater uniformity and consistency in the management and administration of the national public safety system.

Appropriate codes and standards

- Hosted and participated in a meeting of the Provincial/Territorial Policy Advisory Committee on Codes (PTPACC), which provides the National Research Council and the Canadian Commission on Building and Fire Codes with policy advice on the development of model building, fire and plumbing codes. PTPACC also fosters national harmonization of codes for these three disciplines.
- Supported the Fire Services Advisory Committee in promoting the establishment of a unifying framework for the Alberta fire service.
- Worked with the Canadian Standards Association on and promoted the development of a national Private Sewage Disposal System (PSDS) code.
- Completed a pilot program for training PSDS installers, a tool to assist municipalities with PSDS subdivision evaluation, and a strategy for the management of private sewage in Alberta.
- Implemented mandatory use of the electronic permit system for agencies under contract with the department to deliver permit and inspection services under the *Safety Codes Act*.
- Promoted public fire safety campaigns such as Summer Fire Safety, Fire Prevention Week, Holiday Fire Safety, Winter Fire Safety, and Burn Awareness Week. Each campaign provided an information kit outlining related fire statistics, hazards and their corresponding prevention and safety tips.
- Participated in the development of a National Inspection Certification Program for elevator inspectors.
- Presented the Municipal Safety Recognition Award to Lakeland County and the Municipal District of Fairview during the Annual General Meeting of the Safety Codes Council to acknowledge their achievement of a five-year milestone of accreditation in the safety system.
- Conducted a review of the governance and accountability structures of the Alberta Elevating Devices and Amusement Rides Safety Association (AEDARSA) to address potential improvements in succession planning, governance, and business management.

Easier submission of fire incident reports

- Conducted three training courses for users of the Fire Electronic Reporting System (FERS), which allows fire departments to electronically submit, edit, view, and print their fire incident reports online.
- Supported the work of the MLA Committee on Secondary Suites to develop proposed health and safety standards for secondary suites.
- Worked with Alberta Learning (now Alberta Advanced Education) to clarify respective roles, program delivery matters, and administrative issues regarding the **fire etc.** training school.
- Promoted the use of the *Risk Watch* injury prevention program at five teachers' conventions throughout the province.
- Designed and distributed information pamphlets, brochures, fire-related research and the *Alberta Fire News* newsletter.

- Completed a functional re-alignment of the Safety Services Branch to implement a new service delivery model for the provision of technical advice to safety system stakeholders and the public.
- Initiated discussions with Alberta and British Columbia fire service officials regarding development of a fire service mutual-aid partnership.
- Met with a cross-representative group of municipalities to discuss the issue of competing claims to accreditation. These jurisdictional issues can arise when a municipality and a corporation within that municipality are both accredited to issue permits and conduct inspections.
- Initiated discussions with the federal government to clarify roles pertaining to inspections on federal lands.
- Conducted fire protection reviews in six municipalities to help them analyze their fire protection networks and develop strategies for maximizing the effectiveness of their fire rescue, suppression and prevention services.

Performance Measure

Measure: The percentage of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating.

This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations effectively administer safety programs.

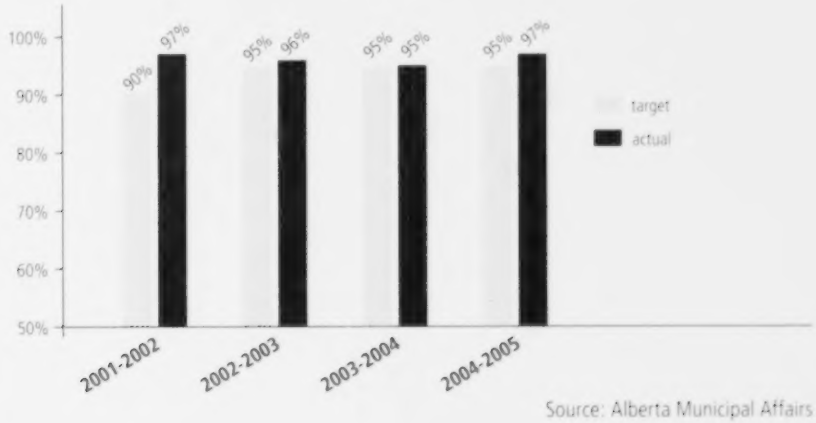
Description: This measure monitors and promotes continuous improvement in the effectiveness and uniformity of permit and safety codes inspection services delivered under the *Act*. Working with the Safety Codes Council, Safety Services develops and supports partnerships with various organizations in the administration of the *Act*.

Target: 95 per cent.

Actual Results: 97 per cent of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the *Act* achieved a satisfactory rating. This result surpasses the target of 95 per cent and is slightly higher than the result achieved in the previous year.

This measure has been in use since 1998-1999.

Satisfactory administration of the *Safety Codes Act*



Source: Alberta Municipal Affairs

Analysis

Safety Services exceeded its target in 2004-05 with a result of 97 per cent. This year's result shows the ongoing effectiveness of the prescribed one-third monitoring and mentoring programs through which the branch stimulates continuous improvement.

Agencies – A satisfactory rating was achieved by 100 per cent of the accredited agencies under contract with the department, the same as the previous year.

Municipal Entities – 96 per cent of the 110 accredited municipal entities reviewed achieved a satisfactory performance rating, a one per cent increase from last year's performance measure of 95 per cent. Of the four that scored less than satisfactory last year, two have subsequently scored satisfactory ratings, demonstrating continuous improvement. The other two have been referred to the Safety Codes Council (SCC) for review of their accreditation. An increase in the number of municipal entities requesting accreditation shows strong support for the program. Municipal entities have also improved their documentation, verifying that deficiencies identified on inspections have been addressed.

Corporations – 97 per cent of the 31 accredited corporations reviewed achieved a satisfactory performance rating, an increase from the previous year. Due to the small number of corporations reviewed, this is not a significant increase. Of the two corporations that scored less than satisfactory last year, one achieved a satisfactory rating this year. The other has challenged last year's score, requesting the SCC clarify the definition of a project for assessment purposes. Reassessment will take place once the matter has been resolved.

Delegated Administrative Organizations (DAOs) – The three DAOs (the Petroleum Tank Management Association of Alberta, the Alberta Elevating Devices and Amusement Rides Safety Association, and the Alberta Boilers Safety Association) were assessed and all achieved satisfactory ratings. No material change in scores was observed this year compared to last year.

Overall – Safety Services surpassed its target of 95 per cent in 2004-05 by scoring 97 per cent. This is a two per cent increase over last year's rating.

Performance Measure

Measure: Fire deaths per 100,000 population (10-year moving average).

Description: Fatalities occur in fires due to exposure to the products of combustion – smoke, flames and heat. Reducing fire injuries and deaths is important in maintaining Alberta as a safe place to live, work and raise families.

Protecting people from fire involves three approaches: prevention of fires; early detection and warning of fire and smoke with smoke/fire alarms; and proper emergency response during fire emergencies.

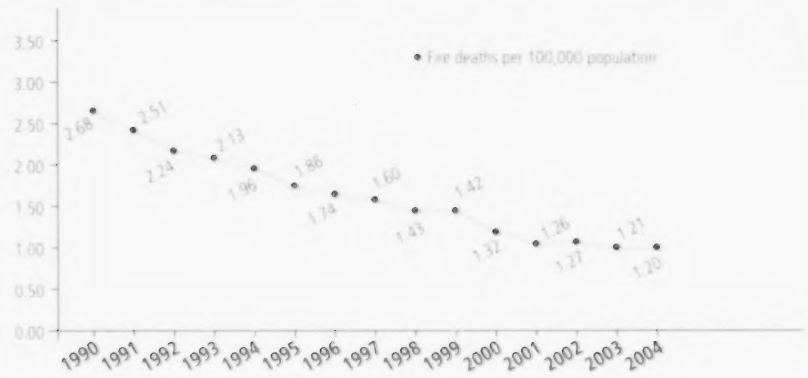
The effectiveness of all three approaches is reflected in the number of fires that occur and the resulting consequences in the form of injuries, deaths and property damage. This measurement is an effective indicator of the outcome of fire.

The Alberta government supports a variety of activities to achieve reductions in the number of fire deaths in the province. The fire deaths per 100,000 population measure is therefore a good overall fire safety and prevention indicator.

Target: Less than or equal to the 2003-04 actual of 1.21 fire deaths per 100,000 population (10-year moving average).

Actual Results: The target was achieved, in that the 2004-05 fire death rate (10-year moving average) of 1.20 is less than the previous year's fire death rate (10-year moving average) of 1.21 (revised). There is random variation in the total number of fire deaths in Alberta, and the ten-year moving average evens out these variations and provides an overall trend in Alberta fire deaths, which appears to be decreasing. The following line chart illustrates the reduction in the 10-year moving average death rate over the last 15 years.

Ten-year moving average of fire death rate per 100,000 population



Note 1: For the 2003-04 figure, the revised actual (1.21) differs from the audited actual (1.20) and from the statistic (1.20) published in the Municipal Affairs Business Plan, due to revision of the number of deaths after the date of calculation. Please see Note 3.

Note 2: For the 2002-03 figure, the 2004-07 Municipal Affairs Business Plan incorrectly reported the audited actual of 1.25, not the revised actual of 1.27

Note 3: The total number of 22 deaths reported for 2003 at the 2004 audit date was revised to 24 as follows: two deaths were removed from the total of 22 following confirmation from the Medical Examiner's Office that the deaths were not determined fire deaths; and an additional four deaths that occurred in 2003 were entered into the Fire Commissioner's Office database after the 2004 audit date due to delayed reporting for these deaths. The revised total of 24 for the year 2003 was used in calculating the 2003 fire death rate (1.21, as shown above).

Analysis

The fire protection activities undertaken by Municipal Affairs fall under the Public Safety Division, which is responsible for three separate areas: the Fire Commissioner's Office (FCO); Fire Technical Services (Fire Codes and Standards); and Regional Services-Fire Safety Officers & Investigators.

The FCO conducted a wide range of activities in relation to the measure. The statistic is an indicator that programs and initiatives of the FCO are having a positive effect over the long term. Data is analyzed for changes in causes and trends that may require a shift in the focus of targeted public education programs.

Financial Information for Core Business 2

Safety Services and Fire Protection

Fiscal 2005 Actual Compared to Fiscal 2005 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the Annual Report), Safety Services and Fire Protection can be shown as follows:

	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Safety Services and Fire Protection					
Program Management	$ 327	$ —	$ 327	$ 302	$ 25
Technical Services	2,985	—	2,985	1,581	1,404
Regional Services	2,705	—	2,705	3,561	(856)
Fire Commissioner's Office	1,206	—	1,206	1,397	(191)
Underground Petroleum Storage Tanks	—	—	—	3	(3)
Assistance for municipal emergency response training (fire services training)	500	—	500	500	—
	$ 7,723	**$ –**	**$ 7,723**	**$ 7,344**	**$ 379**

Operating Expenses

Safety Services and Fire Protection incurred expenses of $7.344 million and came in under the authorized budget of $7.723 million by $0.379 million or 4.9 per cent. The under-expenditure in Technical Services and the over-expenditure in Regional Services are mainly due to the centralization of administrative functions under Regional Services. The overall $0.379 million under-expenditure was the result of the pine shakes litigation expenditures being lower than anticipated due to the pending appeal to the Alberta Court of Appeal.

The Expense by Core Business report (page 23 of the Annual Report) includes the indirect allocation of the ministry support services expenses, the Public Safety Division support expenses and the valuation adjustments.

Fiscal 2005 Actual Compared to Fiscal 2004 Actual (thousands of dollars):

	2004-05	2003-04	Decrease
Safety Services and Fire Protection	$ 7,344	$ 7,588	$ (244)

Safety Services and Fire Protection incurred $7.344 million in fiscal 2005 operating expenses compared to $7.588 million in fiscal 2004. The result was a decrease of $0.244 million. The main reason for this decrease was the pine shakes litigation expenditures being lower than anticipated due to the pending appeal to the Alberta Court of Appeal.

On the Statement of Operations, the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Fire Protection and Emergency Management Alberta core businesses.

Core Business 3 – Emergency Management Alberta

Goal 5: An emergency management program that enables effective preparation for, response to, and recovery from major emergencies and disasters

Helping Albertans prepare for, respond to, and recover from disasters and emergencies

Results

- Implemented three disaster recovery programs that provided $24.1 million to assist with eligible costs that resulted from overland flooding. The flooding was caused by severe rainstorms that occurred in Edmonton, Kneehill County and Calgary during June and July of 2004.
- Administered the completion of a seismic monitoring and warning system on Turtle Mountain, and worked with the municipality of Crowsnest Pass to integrate the system into its Municipal Emergency Plan.
- Upgraded the systems in the Emergency Management Alberta Operations Centre, which is used as the province's co-ordination centre during disasters or major emergencies.
- Provided $250,000 to support the regional delivery of emergency management training for municipal officials in 44 municipalities and $150,000 to support ground search and rescue training in 22 municipalities under the Emergency Management Training Initiative. Approximately 2,000 municipal emergency management officials and 800 ground search and rescue volunteers took part in 102 courses during 2004-05 with funding provided under the initiative in 2003-04.
- Worked with federal and provincial partners to co-ordinate plans for Foreign Animal Disease Eradication Support, Pandemic Influenza, SARS and BSE.
- Supported development of the city of Calgary's state-of-the-art centre for urban search and rescue (USAR). The concept for this centre is to establish a USAR team prepared to respond anywhere in Canada when a disaster traps people under rubble.

Providing public information during emergencies

- Completed an upgrade to Alberta's Emergency Public Warning System (EPWS). EPWS allows local television and radio broadcasters to transmit warning messages that alert the public in the event of major emergencies or child abductions.
- Completed the Government of Alberta Business Continuity Plan. The plan ensures Albertans experience minimum service interruptions in the event of an incident that impacts government facilities or staff.
- Supported 119 municipalities in exercising their Municipal Emergency Plans.
- Led the exercising of departmental business continuity plans and emergency plans at both the provincial and municipal levels.

- Continued to review, develop and maintain the Alberta Counter-Terrorism Crisis Management Plan (ACTCMP) with all municipal, provincial, federal and private sector partners.
- Held training, exercises and lessons-learned sessions with key stakeholder groups to help Albertans prepare for potential emergencies.
- Implemented a pilot project establishing two emergency management officers to deliver training directly to municipalities.
- Developed training strategies to facilitate a standardized Chemical, Biological, Radiological and Nuclear (CBRN) response capability for the province.
- Completed consultations on the Government Emergency Management Regulation.
- Conducted a complete review of the disaster recovery process to ensure the province's disaster recovery programs continue to provide efficient and effective assistance to Albertans who suffer uninsurable damage due to disastrous events.
- Provided training for crisis management officers and internal staff on the new Emergency Management Operating System, which allows for more integrated actions by all partners during an evolving natural disaster or major emergency.
- Updated municipal emergency management training standards and participated in developing a national training strategy.
- Supported the Ministerial Task Force on Security and the Deputy Ministers' Task Force on Security.

Performance Measure

Measure: Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received.

Description: Legislation provides for disaster recovery programs to help Albertans recover from uninsurable losses resulting from disasters. The objective is to compensate them as quickly as possible. When a widespread disaster occurs, the branch starts with an initial evaluation. It then advises the Minister on the potential for a disaster recovery program, its recommended geographical boundaries, and the proposed exclusions and limitations to compensation. Private sector program administrators are then alerted to the possibility of a program requiring their services. This measure does not include the agriculture component, which is measured by another department. In addition, the 30-day criterion does not include infrastructure from municipal and provincial departments.

Once the Minister approves the program, citizens in the affected area are notified of the program, guidelines and venues where application and information packages will be made available. The program administrator receives applications and assigns priority to those in greatest need. In many cases, the evaluator

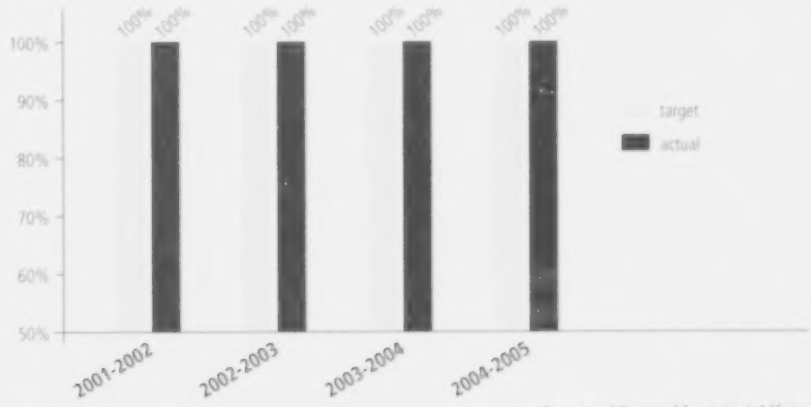
will be on the scene the next day. Regardless of caseload, the target is to have an evaluator on the scene within 30 days of receipt of any application.

By measuring the percentage of eligible claims where a damage evaluator arrives on site within 30 days of receipt of the application, the branch can gauge success in achieving this objective.

Target: 100 per cent.

Actual Results: In 100 per cent of the cases, a member of the damage assessment team arrived on-site within 30 days of a claim being received.

Disaster claims within 30 days



Source: Alberta Municipal Affairs

Note: Where there is an issue of eligibility and additional investigation and supporting documentation are required, the date the applicant is contacted and additional documentation is requested is the date used. Where the visit by the evaluator is delayed at the request of the applicant, the date the evaluator contacts the applicant is used for tracking purposes.

Analysis

Three disaster recovery programs were approved by the Minister in 2004-05:

2004 Kneehill Disaster Recovery Program

On June 6, 2004, a severe rainstorm in Kneehill County resulted in extensive overland flooding. Initial estimates identified basement flooding, agricultural losses, road washouts, infrastructure damage and extraordinary emergency operation costs. On July 27, 2004, a disaster recovery program was approved and on July 29, 2004, Emergency Management Alberta staff opened a registration office in the hamlet of Swalwell. A total of 28 applications were received (13 residential, one small business, 13 agricultural and one municipal). All eligible applications were visited within the 30-day limit, achieving the performance measure target.

2004 Greater Edmonton Area Disaster Recovery Program

The Greater Edmonton Area flood was a series of severe rainstorms from July 2-11, 2004 in the city of Edmonton and Strathcona County (which may also have impacted the bordering areas of Leduc County, Sturgeon County and Parkland County), culminating in an extremely severe summer storm on July 11, 2004 that Alberta Environment determined to be an extraordinary event, meaning widespread uninsurable damage. On July 27, 2004, a disaster recovery program was approved and on July 29, 2004, Emergency Management Alberta (EMA) staff opened three registration offices in the city of Edmonton and one in the County of Strathcona. On September 20, 2004, the program was expanded to include: the town of Sexsmith; the East Prairie Metis Settlement; Yellowhead County; the village of Thorhild; the County of Wetaskiwin; Westlock County; the County of Barrhead; the town of Barrhead; and the village of Clyde. A total of 5,510 applications were received (4,986 residential, 516 small business, two provincial and six municipal). All eligible applications were visited within the 30-day limit, achieving the performance measure target.

2004 City of Calgary Disaster Recovery Program

On July 15, 2004, a severe rainstorm in the Greater Calgary Area resulted in extensive overland flooding. Initial estimates identified basement flooding, infrastructure damage and extraordinary emergency operation costs. On October 5, 2004, a disaster recovery program was approved and on October 13, 2004, Emergency Management Alberta (EMA) staff opened a registration office in the Braeside Community Association building. On January 3, 2005, this program was expanded to include the severe rainstorms from July 1-3, 2004. A total of 187 applications were received (172 residential, 14 small business and one municipal). All eligible applications were visited within the 30-day limit, achieving the performance measure target.

Applications for all three programs were accepted until January 28, 2005, at which time the application phase of the programs was closed.

Performance Measure

Measure: Level of preparedness testing as measured by the cumulative percentage of municipalities required to have emergency plans under the *Disaster Services Act* that test their emergency plans through exercises within a four-year cycle.

Description: The *Act* assigns a majority of the responsibility and authority for response to emergencies and disasters to local orders of government. The *Act* specifies the powers of a local authority that are available during a time of emergency or disaster, and also specifies the structure and preparedness actions that the municipality is obliged to complete.

The *Act* recognizes that some local government organizations do not have sufficient resources to meet all of the obligations for structure or preparedness actions and so also defines which forms of local governments are subject to the *Disaster Services Act*. The municipal organizations physically cover the entire landmass of Alberta (excluding First Nations reservations), with no overlap. The number of municipalities decreases annually as a result of dissolutions.

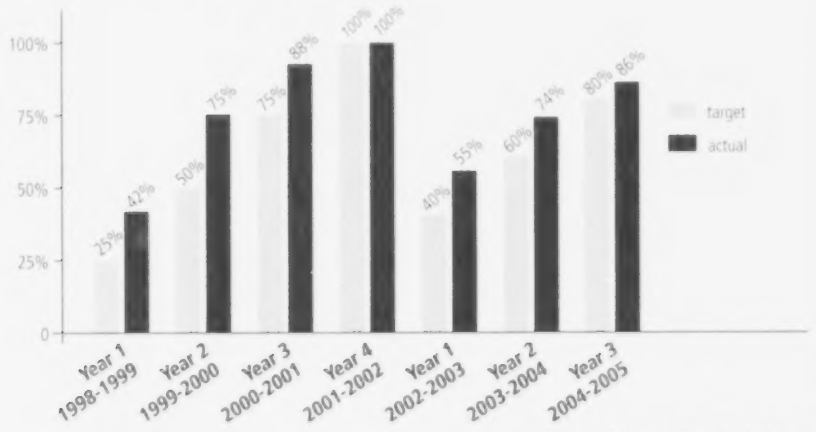
The *Act* also states that each of the 314 local authorities "shall prepare and approve emergency plans and programs." These municipal emergency plans represent the recorded preparations of the municipality to respond to a disaster or emergency. In any given year, a municipality is considered to have demonstrated preparedness by exercising its plan if it conducts a desk-top, functional or simulated exercise to assess the plan's effectiveness, or it activates its Emergency Operations Centre in response to a real event, confirming that its plan and procedures are effective.

This performance measure is designed to demonstrate that all of the municipalities covered under the *Act* maintain their preparedness by exercising their municipal emergency plans at least once in a four-year cycle.

Target: 80 per cent.

Actual Results: 86 per cent of municipalities exercised their emergency plans, exceeding the target of 80 per cent for 2004-05. The target reflects the completion of one mandatory exercise for each municipality as defined by the legislation. It takes four years to complete the exercising of all plans.

Emergency preparedness testing



Source: Alberta Municipal Affairs

Note: Year 1 (2002-03) was restated to exclude summer villages from the population, reflecting a May 2004 change in legislation.

This performance measure will be changed in the 2005-06 fiscal year. The existing four-year cycle will be replaced with a four-year moving average. This change will make the performance measure more accurately reflect the mandate of Emergency Management Alberta.

Analysis

Targets are normally exceeded in the first two years of a cycle based on the more aggressive municipalities who choose to exercise more frequently than once in four years (some actually test on at least an annual basis). The resultant benefit is that district officers are able to spend more time with those municipalities that require extra assistance in developing and conducting exercises over the last two years of the four-year cycle.

Alberta continues to lead Canada in municipal emergency preparedness. The 2004-05 statistic exceeds the target despite a dramatic decrease in real event activations. That the target was exceeded with very few real event activations clearly demonstrates a new effort on behalf of municipalities to ensure they maintain currency of plans, knowledge and skills through individual (courses) and collective (exercises) training. In addition, there has been a marked increase in emergency management regionalization in that municipalities are developing regional plans bringing together the resources of many municipalities under a single plan.

Financial Information for Core Business 3

Emergency Management Alberta
Fiscal 2005 Actual Compared to Fiscal 2005 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the Annual Report), Emergency Management Alberta (EMA) can be shown as follows:

	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Emergency Management Alberta					
Branch Management and Programs – Operating Expense	$ 4,203	$ —	$ 4,203	$ 4,753	$ (550)
Disaster Recovery	340	24,100	24,440	24,519	(79)
Assistance for municipal emergency response training (emergency management training)	500	—	500	400	100
	$ 5,043	$ 24,100	$ 29,143	$ 29,672	$ (529)

Operating Expenses

EMA incurred expenses of $29.672 million and came in over the authorized budget of $29.143 million by $0.529 million or 1.8 per cent. The over-expenditure of $0.529 million is mainly due to EMA's expanded mandate. This includes operation and maintenance of the EMA Operations Centre, internal financial oversight on the contracted delivery of disaster recovery programs, ongoing maintenance of the newly upgraded Emergency Public Warning System and a web-based events management system.

The Expense by Core Business report (page 23 of the Annual Report) includes the indirect allocation of the ministry support services expenses, the Public Safety Division support expenses and the valuation adjustments.

Capital Expenditures

The capital under-expenditure of $0.054 million is related to equipment purchases for the monitoring of Turtle Mountain that were incurred in 2003-04 and were not required in 2004-05.

	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Emergency Management Alberta					
Capital Investment	$ 122	$ —	$ 122	$ 68	$ 54

Fiscal 2005 Actual Compared to Fiscal 2004 Actual (thousands of dollars):

	2004-05	2003-04	Increase
Emergency Management Alberta	$ 29,672	$ 12,505	$ 17,167

Emergency Management Alberta incurred $29.672 million in operating expenses compared to $12.505 million in fiscal 2004. The result was an increase of $17.167 million. This was mainly due to the magnitude of the three disaster recovery programs (Greater Edmonton Area, Kneehill County and Calgary Area) that occurred in 2004.

On the Statement of Operations, the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Disaster Services core businesses.

Core Business 4 – Municipal Government Board

Goal 6: An independent appeal system that issues timely and impartial decisions of high quality

Results

- Exceeded goal of 80 per cent of clients satisfied with the processes used by the Municipal Government Board (MGB).
- Continued developing the database project, progressing through the design and early testing phase. The database project involves an amalgamation of the MGB's three current databases, and will enable the MGB to electronically enter, track and manage all appeals received. It also has work flow and document management functions, and will enable the MGB to case manage all appeals and to track and manage its decisions. The project is a partnership between Municipal Affairs, the city of Edmonton and the province of British Columbia.

Independent, efficient decision-making

- Processed appeals according to established standards and worked diligently with client groups to schedule appeals in a timely and efficient manner.
- Conducted stakeholder meetings with all key client groups.
- Managed complex appeals resulting in major appeals being effectively and efficiently heard and decided within available external and internal resources.
- Applied resources to monitor and track decisions to improve timely decision making.
- Conducted quarterly and specialized workshops with board members and staff to strengthen knowledge and skills for achieving quality adjudication processes and decisions on matters before the Board.

Performance Measure

Measure: Considering the environment of board hearings, in which 50 per cent of parties may receive an unfavourable decision, the board will strive to ensure that 80 per cent of parties who appear before it are satisfied or neutral regarding the board's services and processes.

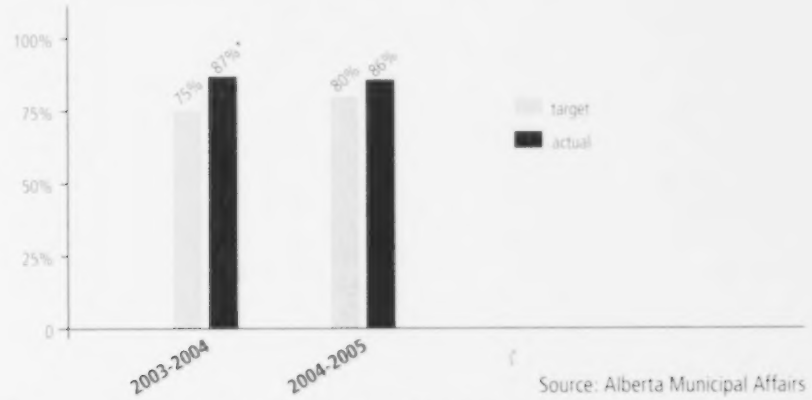
Description: It is a requirement of the MGB that it make and be seen as making impartial, independent decisions that are of a high quality. To determine if the goal is met, an independent consulting group surveyed parties who appeared before the MGB. The measure is a value judgement of the parties which appeared before the MGB between April 1, 2003 and March 31, 2004. The five-question survey is viewed as the primary method available to determine the satisfaction of the stakeholder group in regards to the performance of the MGB.

This measure also recognizes the expectation of the Municipal Government Board (MGB) to achieve efficiencies in hearing and deciding appeals in a timely manner. The MGB sets out to fairly hear and render quality, impartial decisions, recognizing that one-half of recipients will be receiving decisions not in their favour.

Target: 80 per cent.

Actual Results: 86 per cent of clients responded satisfied or neutral regarding the MGB's processes or services and the timeliness of decisions, exceeding the target of 80 per cent.

Stakeholder satisfaction with Municipal Government Board



Source: Alberta Municipal Affairs

***Note:** The 2003-04 actual result has been restated to 87 per cent to conform with the current methodology.

Analysis

The survey was undertaken by the independent research firm Research Innovations Inc. Fighty-six per cent of clients said they were satisfied or neutral regarding the MGB's processes or services and the timeliness of decisions.

Hearing clients agreement with selected statements about the Municipal Government Board's hearing process

Number of respondents – 214 (for first four responses) – 243 (for fifth response)	Agreed	Neutral	Disagreed
You were treated in a courteous manner	88%	4%	9%
You had sufficient opportunity to present your case	88%	5%	7%
The hearing process was straightforward and easy to understand	86%	6%	7%
The hearing process was fair, that is, it was impartial and unbiased	69%	6%	25%
The oral/written decision(s) were delivered in a reasonable time period	74%	5%	21%
Average	**81%**	**5%**	**14%**

Source: Alberta Municipal Affairs

This measure also recognizes the expectation of the Municipal Government Board (MGB) to achieve efficiencies in hearing and deciding appeals in a timely manner. The MGB sets out to fairly hear and render quality, impartial decisions, recognizing that one-half of recipients will be receiving decisions not in their favour.

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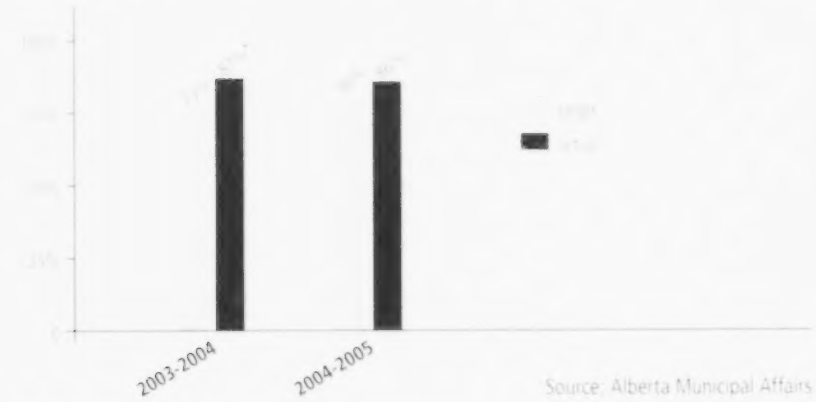

Source: Alberta Municipal Affairs

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The oral/written decision(s) were delivered in a reasonable time period	74%	5%	21%
Average	**81%**	**5%**	**14%**

Source: Alberta Municipal Affairs

The number of appeals is expected to continue to increase next year. In addition, large numbers of appeals from specific municipalities will make it more difficult to achieve timely decisions without placing unreasonable strain on client resources and without negatively impacting client satisfaction.

Financial Information for Core Business 4

Municipal Government Board

Fiscal 2005 Actual Compared to Fiscal 2005 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 86 of the Annual Report), the Municipal Government Board (MGB) can be shown as follows:

	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Municipal Government Board					
Operating Expenses	$ 2,707	$ —	$ 2,707	$ 2,814	$ (107)

Operating Expenses

As reported on the Statement of Operations (page 69 of the Annual Report), the MGB incurred operating expenses of $2.814 million and came in over the authorized budget of $2.707 million by $0.107 million or 3.95 per cent. The over-expended budget largely resulted from a larger number of appeals than anticipated. The increase in numbers occurred because a significant portion of two years of property appeals were received and heard by the MGB in the 2004-05 year. In addition, the MGB experienced increases in the number and complexity of appeals in most appeal categories.

The Expense by Core Business report (page 23 of the Annual Report) includes the indirect allocation of the Ministry support services expenses and the valuation adjustments.

	Capital Expenditures				
	2004-05 Estimates	Authorized Supplementary	2004-05 Authorized Budget	2004-05 Actual Expenses	Unexpended (Over Expended)
Municipal Government Board					
Capital Investment	$ —	$ —	$ —	$ 358	$ (358)

Unbudgeted funds were used by the MGB to cover the costs of the development of a new database system to electronically track and control all appeal information. In addition, the new system, which is being developed in partnership with the city of Edmonton and the province of British Columbia, will provide for work flow management, document management and enhanced reporting functions.

Fiscal 2005 Actual Compared to Fiscal 2004 Actual (thousands of dollars):

Operating	2004-05	2003-04	Increase
Municipal Government Board	$ 2,814	$ 2,542	$ 272

As reported on the Statement of Operations, the Municipal Government Board incurred operating expenses of $2.814 million in the 2004-05 fiscal year compared to $2.542 million in the 2003-04 fiscal year. The result was an increase of $0.272 million or 10.7 per cent. The increase in expenditures was due to two years worth of appeals arriving and being heard in this fiscal year, a larger number of appeals being received in most appeal disciplines, greater complexity of appeals, and staff salary increases.

2004-05 PERFORMANCE MEASURES SOURCE AND METHODOLOGY

Goal 1: An effective, responsive, co-operative and well-managed local government sector

Core business:
Local Government Services

Performance Measure

Level of satisfaction with the Local Government Services Division's (LGS) activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector. Calculates the percentage of units within Local Government Services that achieved their individual performance targets. Unit performance is determined through a satisfaction survey of stakeholders.

Data Source

The stakeholder satisfaction survey data for the measure is drawn from questions of overall satisfaction contained in a Municipal Affairs client satisfaction survey conducted by a private research firm.

The performance measure analyzes attainment of established targets for each of the units of the Municipal Services Branch and the Assessment Services Branch within LGS. Stakeholder satisfaction is compiled for the nine units.

Methodology

The survey instrument was developed in 2000 by Research Innovations Inc. in consultation with representatives from Municipal Affairs. Although the instrument has been modified somewhat to reflect business changes within LGS, these changes do not affect the meaning of the survey and the results are still comparable to those of previous years.

This year, the survey was conducted between August and September 2004. The timing was chosen to avoid the increase in staff workload and the potential change in elected officials due to the municipal election on October 18, 2004.

A comprehensive and specific e-mail/web-based/telephone survey was administered to all identified stakeholders: chief administrative officers (CAOs), chief elected officials (CEOs), municipal assessors, and chief financial officers. The survey measured stakeholders' overall satisfaction with each of LGS's nine units. The questionnaire was structured to include groups of questions about various types of services provided by the units

to their client group. Some of the survey questions polled both the chief elected official (CEO) and the chief administrative officer (CAO), or the CAO and the assessor of a municipality, or CAOs and company chief financial officers, etc. Stakeholders only provided comment on those units and services with which they had contact.

The satisfaction scale used is a five-point, anchored satisfaction scale (very dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied and very satisfied). The scale that was used has a neutral midpoint, which can be a legitimate response.

Telephone/e-mail/web-based surveying methodology reduces the non-response bias that is common in mail-out surveys. In 2004-05, the survey had a response rate of 79 per cent. A total of 690 clients participated in the survey, up from 667 in 2003-04.

Each survey question result is tabulated by respondent type (e.g., CEO, CAO, or assessor). The data is then summarized for each question. The un-weighted satisfaction scores of all the questions are tallied against the total number surveyed to determine the overall satisfaction. Any response of somewhat satisfied or very satisfied is counted as a satisfied response for the performance measure.

The measure is calculated based on the percentage of the units within Local Government Services that achieved their performance targets. The performance targets for each unit were based upon established benchmarks of performance. The performance targets were derived from former surveys, which this measure has replaced. The performance targets used in the calculation of the overall performance are outlined in the table under the analysis section.

Goal 2: Financially sustainable and accountable municipalities

Performance Measure

Core business:
Local Government Services

Percentage of municipalities meeting Ministry's criteria of financial accountability. This measure is also reported in the Government of Alberta's Annual Report in the *Measuring Up* section as Goal 6: Alberta will have an effective, responsive and well-managed local government sector.

Data Source

The data used for this measure is drawn from two sources within the department: the Municipal Advisory Services Unit and the Grants and Administration Unit. The information drawn from the Municipal Advisory Services Unit relates to sections 244, 252 and 282 of the *Municipal Government Act* (MGA). The information drawn from the Grants and Administration Unit relates to section 278 of the MGA. The information is collected for administrative purposes as well as for tabulating this measure.

The data used to calculate this measure is reported based upon a calendar year, which is the fiscal year for municipalities. The results reported in this measure are from the calendar year prior to the fiscal year in which they are reported. For 2004-05 annual reporting, Municipal Affairs reports on the municipalities' 2003 calendar year.

Methodology

The measure is calculated based on a demerit point system weighting the criteria as set out in sections 244, 252, 278 and 282 of the *Municipal Government Act* (MGA). Municipalities meeting or exceeding 100 points are considered not to have met the criteria for municipal financial accountability. The scoring system serves as a proxy measure. Scores of 100 points or more would be a solid indicator of an accountability problem, which if continued would likely indicate a loss of financial sustainability.

The data is extracted from the Municipal Financial Information System using Access to compile the data in Excel spreadsheets. Formulas are added to the spreadsheet to calculate predefined demerit points, which are then assessed for exceeding the limits established for the 16 criteria outlined in the four specified sections of the MGA.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Performance Measure

Core business: Local Government Services

Percentage of municipal assessment rolls which meet provincial standards for procedures, uniformity, and equity.

Data Source

No later than April 1 of each year, all municipalities are required to submit assessment-to-market ratios and supporting assessment and sales data through the Assessment Shared Services Environment (ASSET) system. The Assessment Audit Unit then performs a statistical analysis to verify the assessment levels. Because of the assessment audit cycle, the data upon which the 2004-05 measure is based reflects the 2003 assessment year.

The annual audit program is an important tool in measuring mass appraisal performance. Through ratio studies, Assessment Audit compares municipal assessments to market value and verifies whether municipal assessments meet regulated quality standards. The audit data is verified through the use of a statistical software program known as SAS. Tests are done to check for compliance with the regulated quality standards.

The municipalities' verified assessment audit data is stored in a secure Oracle database held by the Assessment Services Branch. The final results are published in the Assessment Audit 2004 Annual Report produced by the Assessment Services Branch.

Methodology

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.95 and 1.05.

Each municipality calculates ratios of assessment to market value (sale price or indicator of market value) for all sold properties in each sub-group or value range stratum in the two property categories (Residential and Non-residential). The sub-grouping or stratification is based on assessment value and property type.

All the ratios within each sub-group or stratum are ranked and the median determined. Each median is then weighted by its respective total assessed value for that sub-group or stratum, and a weighted mean is calculated for each of the two categories and expressed as a percentage.

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Performance Measure

Core business:
Safety Services and Fire Protection

The percentage of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating.

This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effectively administering safety programs.

Data Source

The accredited organizations identified in a prescribed list for the year are assessed throughout the year using a series of checklists for each type of organization. Safety Services continues to use an electronic tool developed in 2002-03, based on established database software, for gathering the raw checklist data. This tool continues to contain improved error mitigation features, integrated workflow for supervisory review and facilitates follow-up on observations, as well as other improvements.

Methodology

Accredited municipal entities and corporations are assessed on a revolving basis. A prescribed one-third of the accredited municipal entities and accredited corporations and 100 per cent of delegated administrative organizations are monitored/assessed annually. 100 per cent of authorized accredited agencies under contract with the department are monitored/assessed quarterly.

During the year, data gathered using the standard checklists for the Quality Management Plan and each discipline is entered into the electronic database for accredited municipal entities and accredited corporations. The checklists are used as a reference in scoring how closely the administrative

practices of each organization follow the Quality Management Plan (QMP). The checklist scores for the QMP and disciplines administered by each organization are averaged to produce an overall score for the organization. As every organization operates under unique circumstances, a score of 70 per cent compliance with these administrative guidelines has been established as the minimum standard required to provide an appropriate level of safety. The percentage of overall scores that meet or exceed the minimum standard are computed for each type of organization, i.e., accredited municipal entities, corporations, agencies and delegated administrative organizations (DAOs). This percentage of satisfactory performance is then weighted by the number of organizations assessed and combined with that of the other types of organizations to produce the key performance statistic.

The effectiveness of the 70 per cent minimum standard was reinforced when the department conducted an assessment of the data on permitting activities in Alberta in 2003. Of the 295,000 permitting activities conducted, only 14 resulted in complaints being made to the department and/or the Safety Codes Council and DAOs. None of these complaints involved a significant safety risk.

The monitoring sample size for the accredited municipal entities and accredited corporations is as following:

1) a prescribed one-third list;
2) plus all those entities from the previous year that scored less than satisfactory;
3) plus new municipal entities and corporations accredited in the previous year (which are added to this year's prescribed one-third list);
4) less those that discontinued their accreditations.

As a result, each entity will be monitored at least once every three years. The performance statistic was calculated using the same electronic tools and in the same manner as last year for accredited municipal entities, accredited corporations, authorized accredited agencies and DAOs.

Management uses the municipal and corporate data to further analyze risk by reviewing the responses to each question for follow-up.

Core business:
Safety Services and Fire Protection

Performance Measure

Fire deaths per 100,000 population (10-year moving average).

Data Source

Under the *Safety Codes Act*, Section 9 of the Administrative Items Regulation requires that a Safety Codes Officer for the fire discipline who investigates the causes and circumstances of a fire must immediately notify the Fire Commissioner if the fire has resulted in loss of life. Additional sources of information on fire deaths are insurance companies/adjusters, the Medical Examiner's Office and police departments. The total number of fire deaths is revised as information is received from these sources. Alberta Official Population data is obtained from the Municipal Affairs website.

Methodology

In 2004-05, several improvements were made to Fire Electronic Reporting System (FERS), web-based application, to enable fire departments to input fire incident data online. Fire Statistics Reporting Manual and fire incident reports (PDF format) are also posted on the Fire Commissioner's Office website to enable reporting agencies easy online access to fire reporting.

The data is collected in either hard copy or electronically through FERS. Data from the hard copies is keyed into the system and validated, and then fire death figures are extracted using an SAS software program and manually entered into an Excel spreadsheet. The Alberta population figures are then entered in to the Excel spreadsheet to calculate fire death rates, which are plotted in a bar chart as 10-year moving averages. The data and the measure relate to a calendar year, which is consistent with reports produced by Statistics Canada and other jurisdictions, enabling comparisons.

The formula for fire death rate for each year is as follows:

$$\left(\frac{\text{Number of fire deaths per year}}{\text{Population}} \right) \times 100{,}000$$

The fire death rate for the current year and each of the preceding nine years are averaged to produce the 10-year moving average statistic.

Goal 5: An emergency management program that enables effective preparation for, response to, and recovery from major emergencies and disasters

Performance Measure

Core business: Disaster Services

Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received.

Data Source

The disaster recovery database, which has been in use since July 1995, tracks all applications received and activities related to the processing of each application made under a disaster recovery program.

Methodology

The applications are collected in a separate database established for each disaster recovery program. The database captures all dates pertinent to the administration of the program and can be queried at any time. It is used to identify the number of eligible disaster recovery applications and the number of those applications where the damage evaluator arrived on-site within 30 days of receipt of the application.

Eligible applications are those that fall within the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criterion divided by the total number of eligible applications.

Performance Measure

Core business: Disaster Services

Level of preparedness testing as measured by the cumulative percentage of municipalities required to have emergency plans under the *Disaster Services Act* that test their emergency plans through exercises within a four-year cycle.

Data Source

The source for the data on this measure is the compilation of quarterly data submitted by the six district officers in Community Programs at Emergency Management Alberta. The cumulative fourth quarter report is used to extract the actual number of municipalities that have exercised their plans in the current year, either through a co-ordinated exercise or an actual event, that have not previously exercised their plans in the current four-year cycle.

Methodology

A schedule is established for all municipalities to be exercised over the four-year cycle. All real events are included, when and as they happen, replacing the scheduled exercise in the calculation. All six district officers compile and submit quarterly reports to the Director of Community Programs, who maintains a four-year cumulative report for the exercise cycle. This information is used to verify the required exercises or events for the municipality. If an exercise is a repeat, it is not included in the measure. Once the four-year cumulative report by district is updated, a simple sum of the six districts is calculated, which is divided by the total number of municipalities to produce a cumulative percentage.

Goal 6: An independent appeal system that administers and issues timely and impartial decisions of high quality

Performance Measure

Core business: Municipal Government Board

Considering the environment of board hearings, in which 50 per cent of parties may receive an unfavourable decision, the board will strive to ensure that 80 per cent of parties who appear before it are satisfied or neutral regarding the board's services and processes.

Data Source

The client satisfaction survey was conducted by Research Innovations Inc.

Methodology

Municipal Government Board (MGB) staff designed two database queries for the purpose of identifying all participants who attended board hearings. MGB staff then ran the queries (one for assessment and one for subdivision) listing all appellants and respondents that were attached to hearings. Staff generated lists of all linear, annexations, intermunicipal disputes and equalized parties from paper files and developed a listing in an Excel spreadsheet. Staff then found e-mail addresses or phone numbers for all parties and sent the list to Research Innovations Inc.

The methodology followed by Research Innovations Inc. in conducting the survey and preparing the survey results is described in their final report. A total of 64 per cent of total eligible clients responded to the survey.

The statistical result of 86 per cent is calculated using equal weighting of the responses to the five questions asked by Research Innovations Inc. Regarding responses to the statement "The oral/written decision(s) were delivered in a reasonable time period," the satisfaction of respondents who received oral decisions is assumed to be at 100 per cent because they received immediate decisions. The results from written decisions are based on satisfaction levels reported from responses received from all respondents. Weighting for the oral and written responses was proportionate based upon the number of oral or written responses over the total number of responses.

FINANCIAL INFORMATION

Ministry of Municipal Affairs Financial Statements – March 31, 2005

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Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Municipal Affairs as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry of Municipal Affairs' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry of Municipal Affairs as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As disclosed in Note 2, the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. PSAB has recently revised the definition of the Government reporting entity for implementation for years commencing on or after April 1, 2005. In Note 2, management has stated when it intends to comply with PSAB's recommendations. If the Safety Codes Council had been included in the accompanying financial statements, I estimate that revenues, expenses, assets and liabilities would increase by approximately $1,979,000, $2,230,000, $7,094,000 and $358,000 respectively.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 20, 2005, except as to
Note 12 which is as of June 18, 2005

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF OPERATIONS
For the year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 24,000	$ 24,000	$ 40,000
Transfers from Government of Canada	85	18,152	762
Premiums, Fees, and Licences	362	421	383
Other Revenue	1,687	3,994	4,081
	26,134	**46,567**	**45,226**
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedule 3 and 5)			
Ministry Support Services	10,834	10,754	10,704
Local Government Services	95,527	96,576	104,415
Public Safety	13,724	38,141	21,029
Municipal Government Board	2,707	2,814	2,542
	122,792	**148,285**	**138,690**
Statutory (Schedule 3 and 5)			
Valuation Adjustments			
Provision for Doubtful Accounts	-	3	5
Provision for Vacation Pay	200	280	300
	200	**283**	**305**
Total Expenses	**122,992**	**148,568**	**138,995**
Net Operating Results	**$ (96,858)**	**$ (102,001)**	**$ (93,769)**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2005
(thousands of dollars)

	2005	2004 (Restated - Note 3)
Assets		
Cash	$ -	$ 237
Accounts Receivable (Note 4)	40,236	43,659
Loans and Advances	13	13
Tangible Capital Assets (Note 6)	5,727	6,452
Deferred Charge	82	31
	$ 46,058	**$ 50,392**
Liabilities		
Accounts Payable and Accrued Liabilities	**$ 56,007**	**$ 50,481**
Net Liabilities		
Net Liabilities at Beginning of Year	(89)	(14,771)
Net Transfer to Government Services	82	-
Net Operating Results	(102,001)	(93,769)
Net Transfer from General Revenues	92,059	108,451
Net Liabilities at End of Year	**(9,949)**	**(89)**
	$ 46,058	**$ 50,392**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF CASH FLOWS
For the year ended March 31, 2005
(thousands of dollars)

	2005	2004 (Restated - Note 3)
Operating Transactions:		
Net Operating Results	$ (102,001)	$ (93,769)
Non Cash Charges		
Amortization	1,739	1,439
Deferred Charge	(51)	(31)
Valuation Adjustments	283	305
	(100,030)	(92,056)
Decrease (increase) in Accounts Receivable	3,420	(985)
Decrease in Loans and Advances	-	1
Increase (decrease)in Accounts Payable and Accrued Liabilities	5,245	(10,546)
Cash Used for Operating Transactions	**(91,365)**	**(103,586)**
Capital Transactions:		
Acquisition of Tangible Capital Assets (Schedule 5)	(1,013)	(2,451)
Contribution in Kind	-	(2,234)
Cash Used for Capital Transactions	**(1,013)**	**(4,685)**
Financing Transactions:		
Net Transfer to Government Services	82	-
Net Transfer from General Revenues	92,059	108,451
Cash Provided by Financing Transactions	**92,141**	**108,451**
(Decrease) Increase in Cash	**(237)**	**180**
Cash at Beginning of Year	237	57
Cash at End of Year	**$ -**	**$ 237**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005

Note 1 Authority and Purpose

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 9 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

PSAB has released new guidance that controlled entities are to be included and how they are to be included effective April 1, 2005. This may affect how the Ministry reports the Safety Codes Council depending on whether control exists. The Ministry has agreed in principle to include the Safety Codes Council in the financial statements commencing from fiscal year beginning April 1, 2006, if it is determined that control exists.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Note 2 **Summary of Significant Accounting Policies and Reporting Practices (continued)**

(b) Basis of Financial Reporting (continued)

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 8.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000 (2004 - $15,000).

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty
(thousands of dollars)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements based on management estimates and another reasonably possible amount. Significant areas requiring the use of management estimates relate to the determination of the Government of Canada accounts receivable ($39,321), and the Underground Petroleum Storage Tank and Disaster Recovery accrued liabilities ($27,658). The actual amounts could differ from these estimates.

Note 3 Program Transfer

The 2004 amounts have been restated to reflect the termination of a shared service agreement with the Ministry of Government Services for $50,000, and the transfer of a position for Service Alberta to the same Ministry for $32,000.

Note 4 Accounts Receivable (thousands of dollars)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 39,321	$ -	$ 39,321	$ 43,614
Other	931	(16)	915	45
	$ 40,252	**$ (16)**	**$ 40,236**	**$ 43,659**

Accounts receivable are non-interest bearing, unsecured and reported at their net realizable value.

Note 5 Valuation of Financial Assets and Liabilities (thousands of dollars)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Unless otherwise noted below, the fair values of accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable ($37,968) is a long term instrument and non-interest bearing. As a result, the ministry believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the ministry is unable to estimate the fair value.

Note 6 Tangible Capital Assets (thousands of dollars)

	2005				2004
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	10 years	$ 1,251	$ (553)	$ 698	$ 764
Computer Hardware and Software	5 years	11,863	(6,834)	5,029	5,688
		$ 13,114	**$ (7,387)**	**$ 5,727**	**$ 6,452**

Note 7 Contractual Obligations (thousands of dollars)

The Ministry has entered into contractual agreements with various parties with aggregate future commitments amounting to $6,968 (2004 - $3,669).

Commitments due are shown as follows:

2005-06	$ 3,925
2006-07	2,935
2007-08	35
2008-09	35
2009-10	38
	$ 6,968

Note 8 Contingencies (thousands of dollars)

At March 31, 2005, the Ministry is a defendant in 58 legal claims (2004- 64 legal claims). Fifty-two of these claims have specified amounts totaling $82,067 and the remaining six have no specified amount (2004 – 59 claims with a specified amount of $83,058 and five with no specified amount). Included in the total legal claims are six claims amounting to $17,441 and two claims with no specified amount (2004 – 10 claims amounting to $18,303 and one claim with no specified amount) in which the Ministry has been jointly named with other entities. Fifty-one claims amounting to $81,669 and four claims reporting no specified amount (2004 – 56 claims amounting to $82,194 and four claims with no specified amount) are covered by the Alberta Risk Management Fund.

Of the 58 legal claims mentioned above, 43 claims totaling $62,865 and three claims reporting no specified amounts are commenced by individuals as a result of alleged damages they incurred through the use of untreated pine shakes as roofing material. A number of sample cases went to trial. The Court of Queen's Bench of Alberta dismissed the plaintiffs' case because it did not disclose a valid cause of action. The plaintiffs have filed an appeal, the outcome of which has not been determined at this time.

The resulting loss, if any, from these claims cannot be determined.

Note 9 Trust Funds Under Administration (thousands of dollars)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's financial statements.

The financial statements of the trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2004 and December 31, 2003 respectively, are as follows:

	2004	2003
Special Areas Trust Account	$ 72,031	$ 71,997
Improvement Districts' Trust Account	4,345	4,207
	$76,376	$ 76,204

Note 10 Payments Under Agreement (thousands of dollars)

The Ministry has entered into agreements to deliver programs and services that are fully funded by:

- The National Search and Rescue Secretariat to deliver search and rescue projects under the federal government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- The federal Office of Critical Infrastructure Protection and Emergency Preparedness for the delivery of the Joint Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.

Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $1,354 (2004 - $3,174) and accounts payable includes $1,185 (2004 - $2,588) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	2005	2004
New Search and Rescue Initiatives Fund	$ 206	$ 6
First Nations Emergency Planning Program	269	401
Joint Emergency Preparedness Program	368	1,376
	$ 843	$ 1,783

Note 11 Defined Benefit Plans (thousands of dollars)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,731 for the year ended March 31, 2005 (2004 - $1,577).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of $268,101 (2003 – $290,014) and the Public Service Pension Plan reported a deficiency of $450,068 (2003 – $584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of $9,404 (2003 – $9,312).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005 the Bargaining Unit Plan reported an actuarial deficiency of $11,817 (2004 - $9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of $3,208 (2004 - $1,298). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 12 Subsequent Event

A disaster recovery program was established following severe overland flooding in central and southern Alberta occurring from June 1 to June 8, 2005 and again from June 16 to June 18, 2005.

The Alberta government established claims registration offices in the affected areas to receive claims for compensation. The estimate of aggregate damage is not determinable until the flooding subsides, engineering evaluation of damaged infrastructure is complete and all compensation claims have been evaluated and processed.

It is expected that the costs associated with this disaster recovery program will be shared between the Federal and Alberta governments.

The net financial statements impact on the Ministry will be insignificant.

Note 13 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 14 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF REVENUES
For the year ended March 31, 2005
(thousands of dollars)

	2005 Budget	2005 Actual	2004 Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 24,000	$ 24,000	$ 40,000
Transfer from the Government of Canada			
Disaster Assistance Programs	-	18,124	672
Other	85	28	90
	85	18,152	762
Premiums, Fees and Licences	362	421	383
Other revenue			
Contribution in Kind	-	-	2,234
Dedicated Revenue Initiatives	1,626	1,612	1,548
Refunds of Expenditure	60	2,362	257
Miscellaneous	1	20	42
	1,687	3,994	4,081
	$ 26,134	**$ 46,567**	**$ 45,226**

Schedule 2

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
For the year ended March 31, 2005
(thousands of dollars)

	2005		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	Shortfall [a]
Linear Assessment Services	$ 1,626	$ 1,612	$ (14)

[a] Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

The Ministry prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Ministry's statement of operations.

Schedule 3

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF DIRECTLY INCURRED EXPENSES DETAILED BY OBJECT
For the year ended March 31, 2005
(thousands of dollars)

	2005 Budget	2005 Actual	2004 Actual (Restated - Note 3)
Voted:			
Salaries, Wages and Employee Benefits	$ 25,122	$ 24,589	$ 23,064
Supplies and Services	19,457	19,955	18,953
Grants	75,919	101,947	95,180
Other	52	55	54
Amortization of Tangible Capital Assets	2,242	1,739	1,439
	$ 122,792	**$ 148,285**	**$ 138,690**
Statutory:			
Valuation Adjustments:			
Provision for Doubtful Accounts	$ -	$ 3	$ 5
Provision for Vacation Pay	200	280	300
	$ 200	**$ 283**	**$ 305**

MINISTRY OF MUNICIPAL AFFAIRS
BUDGET
For the year ended March 31, 2005
(thousands of dollars)

Schedule 4

	2004-05 Estimates	Adjustment[a]	2004-05 Budget	Authorized Supplementary[b]	2004-05 Authorized Budget
Revenues					
Internal Government Transfers	$ 24,000	$ -	$ 24,000	$ -	$ 24,000
Transfers from Government of Canada	85	-	85	-	85
Premiums, Fees, and Licences	362	-	362	-	362
Other Revenue	1,687	-	1,687	-	1,687
	26,134	**-**	**26,134**	**-**	**26,134**
Expenses					
Voted					
Ministry Support Services	10,834	-	10,834	-	10,834
Local Government Services	95,527	-	95,527	2,500	98,027
Public Safety	13,724	-	13,724	24,100	37,824
Municipal Government Board	2,707	-	2,707	-	2,707
Dedicated Revenue Shortfall (Schedule 2)	-	(14)	(14)	-	(14)
	122,792	**(14)**	**122,778**	**26,600**	**149,378**
Statutory					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
	200	**-**	**200**	**-**	**200**
Net Operating Results	$ (96,858)	$ 14	$ (96,844)	$ (26,600)	$ (123,444)
Capital Investment	$ 1,512	$ -	$ 1,512	$ -	1,512

(a) Adjustments include dedicated revenue shortfalls. Shortfall is deducted from the current year's authorized budget. The Ministry prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Ministry's statement of operations.

(b) Supplementary estimate of $26.6 million was approved on March 24, 2005.

Schedule 5

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF COMPARISON OF DIRECTLY INCURRED EXPENSES, EQUIPMENT PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2005
(thousands of dollars)

	2004-05 Estimates	Adjustment	2004-05 Budget	Authorized Supplementary[a]	2004-05 Authorized Budget	2004-05 Actual Expenses[b]	Unexpended (Over Expended)
Voted Expenses							
Ministry Support Services							
Minister's Office	$ 295	$ -	$ 295	$ -	$ 295	$ 321	$ (26)
Deputy Minister's Office	501	-	501	-	501	511	(10)
Support Services							
-Operating Expense	10,038	-	10,038	-	10,038	9,922	116
-Equipment Purchases	100	-	100	-	100	15	85
	10,934	**-**	**10,934**	**-**	**10,934**	**10,769**	**165**
Local Government Services							
Division Support							
-Operating Expense	5,045	-	5,045	-	5,045	4,107	938
-Equipment Purchases	1,290	-	1,290	-	1,290	572	718
Municipal Services	8,381	-	8,381	-	8,381	7,184	1,197
Assessment Services	6,982	-	6,982	-	6,982	6,509	473
Unconditional Municipal Grant							
-Operating Expense	7,515	-	7,515	-	7,515	9,099	(1,584)
-Operating Expense Funded by Lotteries	12,000	-	12,000	-	12,000	12,000	-
Municipal Debenture Interest Rebate Program	5,399	-	5,399	-	5,399	5,198	201
Grants in Place of Taxes	30,278	-	30,278	-	30,278	29,953	325
Financial Support to Local Authorities	6,927	-	6,927	2,500	9,427	9,607	(180)
Municipal Sponsorship							
-Operating Expense	1,000	-	1,000	-	1,000	919	81
-Operating Expense Funded by Lotteries	12,000	-	12,000	-	12,000	12,000	-
	96,817	**-**	**96,817**	**2,500**	**99,317**	**97,148**	**2,169**
Public Safety							
Division Support	958	-	958	-	958	1,125	(167)
Safety Services:							
Program Management	327	-	327	-	327	302	25
Technical Services	2,985	-	2,985	-	2,985	1,581	1,404
Regional Management	2,705	-	2,705	-	2,705	3,561	(856)
Fire Commissioner	1,206	-	1,206	-	1,206	1,397	(191)
Underground Petroleum Storage Tanks	-	-	-	-	-	3	(3)
Emergency Management Alberta:							
Branch Management and Programs							
-Operating Expense	4,203	-	4,203	-	4,203	4,753	(550)
-Equipment Purchases	122	-	122	-	122	68	54
Disaster Recovery	340	-	340	24,100	24,440	24,519	(79)
Assistance for Municipal Emergency Response Training	1,000	-	1,000	-	1,000	900	100
	13,846	**-**	**13,846**	**24,100**	**37,946**	**38,209**	**(263)**
Municipal Government Board							
-Operating Expense	2,707	-	2,707	-	2,707	2,814	(107)
-Equipment Purchases	-	-	-	-	-	358	(358)
	2,707	**-**	**2,707**	**-**	**2,707**	**3,172**	**(465)**
Dedicated Revenue Shortfall (Schedule 2)	-	(14)	(14)	-	(14)	-	(14)
	$ 124,304	**$ (14)**	**$ 124,290**	**$ 26,600**	**$ 150,890**	**$ 149,298**	**$ 1,592**

Schedule 5
(Continued)

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF COMPARISON OF DIRECTLY INCURRED EXPENSES, EQUIPMENT PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET
YEAR ENDED MARCH 31, 2005
(thousands of dollars)

	2004-05 Estimates	Adjustment	2004-05 Budget	Authorized Supplementary(a)	2004-05 Authorized Budget	2004-05 Actual Expenses (b)	Unexpended (Over Expended)
Operating Expense	$ 98,792	$ (14)	$ 98,778	$ 26,600	$ 125,378	$ 124,285	$ 1,093
Operating Expense funded by Lotteries	24,000	-	24,000	-	$ 24,000	24,000	-
Equipment/Inventory purchases	1,512	-	1,512	-	1,512	1,013	499
	$ 124,304	**$ (14)**	**$ 124,290**	**$ 26,600**	**$ 150,890**	**$ 149,298**	**$ 1,592**
Statutory Expenses							
Valuation Adjustments	**$ 200**	**$ -**	**$ 200**	**$ -**	**$ 200**	**$ 283**	**$ (83)**

(a) Supplementary estimate of $26.6 million was approved on March 24, 2005.

(b) Includes performance pay of $486,000.

Schedule 6

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF SALARY AND BENEFITS
For the year ended March 31, 2005

	2005				2004
	Base Salary [a]	Other Cash Benefits [b]	Other Non-Cash Benefits [c]	Total	Total
Senior Official [d]					
Former Deputy Minister [e]	$ 101,872	$ -	$ 18,448	$ 120,320	$ 219,912
Current Deputy Minister [e]	55,896	33,000	10,784	$ 99,680	-
Executives					
Assistant Deputy Ministers:					
Local Government Services	132,216	19,736	23,668	$ 175,620	$ 175,148
Public Safety	132,216	15,964	22,680	$ 170,860	165,570
Executive Directors:					
Business Services	113,328	16,960	19,899	$ 150,187	151,698
Financial and Information Technology Services	113,328	16,960	20,893	$ 151,181	151,188
Director, Human Resources	95,700	14,230	16,894	$ 126,824	118,287

Prepared in accordance with Treasury Board Directive 03/2004.

[a] Base salary includes pensionable base pay.

[b] Other cash benefits include bonuses, vacation payments and lump sum payments.

[c] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

[d] This position was occupied by two individuals through the year. The former Deputy Minister transferred to the postion of Deputy Minister, Sustainable Resource Development effective November 25, 2004.

[e] Automobile provided, no dollar amount included in benefits and allowances figures.

Schedule 7

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2005
(thousand of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Government Entities	
	2005	2004
Revenues		
Transfer from the Lottery Fund	$ 24,000	$ 40,000
Expenses		
Supplies and Services	$ 3,355	$ 3,044

Included in the Accounts Payable and Accrued Liabilities amount is $6,473 owing to the Safety Codes Council for funds pertaining to the Underground Petroleum Storage Tank Remediation Program.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Government Entities	
	2005	2004
Expenses		
Accommodation	$ 4,249	$ 4,409
Legal	554	642
Other	4	-
	$ 4,807	$ 5,051

The Ministry paid $29,902 (2004 - $27,140) of grants in place of taxes on behalf of other ministries.

Schedule 8

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF ALLOCATED COSTS
For the year ended March 31, 2005
(thousands of dollars)

	2005							
		Expenses - Incurred by Others		Valuation Adjustments [4]				
Program	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Vacation Pay	Doubtful Accounts	Total	2004 Total (Restated - Note 3)
Ministry Support Services	$ 10,754	$ 1,309	$ 84	$ 28	$ -	$ 12,175	$ 12,138
Local Government Services	96,576	1,266	196	151	1	98,190	106,168
Public Safety	38,141	1,334	163	85	2	39,725	22,650
Municipal Government Board	2,814	340	111	16	-	3,281	3,090
	$ 148,285	**$ 4,249**	**$ 554**	**$ 280**	**$ 3**	**$ 153,371**	**$ 144,046**

1) Expenses – directly incurred as per statement of operations, excluding valuation adjustments ($148,568 minus $283 = $148,285).
2) Costs shown for accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by square footage.
3) Costs shown for legal services on Schedule 7, allocated by estimated costs incurred by each program.
4) Valuation Adjustments as per Statement of Operations. Employee benefits and doubtful accounts provision included in Valuation Adjustments were allocated as follows:
   - Vacation Pay – program allocation by employee.
   - Doubtful Accounts Provision – direct program allocation.

Other Information

Statement of Revenues and Expenditures of the Improvement Districts' Trust Account – UNAUDITED

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Note to Reader:

The unaudited financial information being presented here was derived from the December 31, 2004 audited financial statements of each Improvement District.

Improvement Districts' Trust Account
Statement of Revenues and Expenditures
For the year ended December 31, 2004

(Summary)

	Improvement District						
	4	9	12	13	24	Kananaskis [(a)]	Total
Revenues	$ 33,663	$ 1,076,911	$ 57,883	$ 26,307	$ 19,982	$ 1,328,030	$ 2,542,776
Expenditures	29,834	1,028,553	40,477	7,509	12,612	1,208,643	2,327,628
Excess of revenues over expenditures	$ 3,829	$ 48,358	$ 17,406	$ 18,798	$ 7,370	$ 119,387	$ 215,148

Improvement District:

4	Waterton National Park
9	Banff National Park
12	Jasper National Park
13	Elk Island National Park
24	Wood Buffalo National Park

[(a)] Ministerial Order No. L:159/01 delegated, effective October 1, 2001, the administration of the Kananaskis Improvement District to the Minister Community Development.

(Detail)

	Improvement Districts						
	4	9	12	13	24	Kananaskis	Total
REVENUES							
General Municipal:							
Taxation							
Real property	$ 271,620	$ 2,830,931	$ 47,354	$ 4,425	$ 4,430	$ 1,141,654	$ 4,300,414
Federal grants in place of taxes	74,288	599,308	47,160	30,810	16,782	13,193	781,541
Provincial grants in place of taxes	-	-	-	-	-	126,741	126,741
Power and pipeline	3,839	78,107	108,556	13,620	9,718	364,668	578,508
Oil well drilling taxes	-	-	-	-	-	10,731	10,731
Penalties and costs	5,388	1,858	733	-	161	522	8,662
Tax recovery	-	-	-	-	-	3,210	3,210
	355,135	3,510,204	203,803	48,855	31,091	1,660,719	5,809,807
Less payment of requisitions to:							
Alberta School Foundation Fund	327,792	2,489,642	149,171	25,704	13,680	804,309	3,810,298
Seniors Foundation	-	39,193	1,893	-	-	12,238	53,324
	327,792	2,528,835	151,064	25,704	13,680	816,547	3,863,622
General municipal taxes	27,343	981,369	52,739	23,151	17,411	844,172	1,946,185
Government transfers	5,000	8,384	2,000	2,000	2,000	16,585	35,969
Interest	470	8,233	2,644	656	321	25,635	37,959
Other	850	78,925	500	500	250	441,638	522,663
	$ 33,663	$ 1,076,911	$ 57,883	$ 26,307	$ 19,982	$ 1,328,030	$ 2,542,776
EXPENDITURES							
General Municipal:							
Administrative services	$ 17,245	$ 163,460	$ 7,400	$ 1,300	$ 700	$ 175,566	$ 365,671
Transportation services	-	-	-	-	-	84,755	84,755
Protective services	-	742,430	24,898	-	-	668,153	1,435,481
Assessment Fees	5,664	33,458	8,179	6,209	11,912	-	65,422
Recreation and cultural services	5,000	79,650	-	-	-	-	84,650
Honorarium	1,925					-	1,925
Agriculture, planning and other community service	-	-	-	-	-	15,554	15,554
Other expenditures	-	9,555	-	-	-	264,615	274,170
	$ 29,834	$ 1,028,553	$ 40,477	$ 7,509	$ 12,612	$ 1,208,643	$ 2,327,628

Other Information

Financial Statements of the Special Areas Trust Account – AUDITED

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AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have audited the statement of financial position of the Special Areas Trust Account as at December 31, 2004 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Special Areas Trust Account as at December 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for municipal governments.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
March 24, 2005

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2004

	2004	2003
ASSETS		
Financial Assets		
Current:		
Cash (Note 3)	$ 25,710,587	$ 26,901,258
Accounts receivable, net (Note 4)	1,593,878	1,949,537
Taxes receivable, net	461,304	604,904
	27,765,769	29,455,699
Non-current:		
Accounts receivable, net (Note 4)	2,124,482	2,552,970
Investments (Schedule 1)	24,707,811	24,363,718
Total Financial Assets	54,598,062	56,372,387
Physical Assets (Note 6)		
Capital assets	18,070,959	17,267,953
Inventories	2,358,948	1,965,329
Total Physical Assets	20,429,907	19,233,282
	$ 75,027,969	$ 75,605,669
LIABILITIES AND TRUST EQUITY		
Current:		
Accounts payable and accruals	$ 1,191,891	$ 1,703,166
Due to Province of Alberta, net (Note 5)	91,646	240,466
Obligation under capital lease (Note 7)	43,900	43,900
Deferred lease revenue	475,868	310,154
Deferred provincial grant revenue	143,659	167,407
	1,946,964	2,465,093
Non-current:		
Obligation under capital lease (Note 7)	-	43,900
Provision for gravel pit reclamation (Note 8)	1,050,000	1,100,000
Total Liabilities	2,996,964	3,608,993
Equity:		
Accumulated excess of revenue over expenditure	1,826,552	2,658,708
Reserves	49,774,546	50,104,686
In physical assets	20,429,907	19,233,282
Total Equity	72,031,005	71,996,676
	$ 75,027,969	$ 75,605,669

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004		2003
	BUDGET	ACTUAL	ACTUAL
Revenue	(Note 18)		
General municipal:			
Taxation			
Power and pipeline	$ 19,819,750	$ 18,933,845	$ 18,076,813
Real property	5,678,000	5,419,334	5,294,104
Grazing and cultivation	911,000	869,787	896,592
Penalties and costs on taxes	75,000	78,131	80,948
	26,483,750	25,301,097	24,348,457
Less amounts expended by transfers:			
Alberta School Foundation Fund	15,200,000	13,524,387	13,318,053
Seniors Foundation requisitions	910,000	895,040	893,999
	16,110,000	14,419,427	14,212,052
Net taxes for municipal purposes	10,373,750	10,881,670	10,136,405
Provincial grants (Note 9)	2,699,697	2,374,309	2,153,903
Leases (Note 10)	5,599,000	6,372,792	5,794,892
Interest	1,924,250	2,006,428	2,008,130
Tax recovery land sales	370,000	508,525	1,973,833
Other (Note 11)	1,610,950	2,160,067	4,227,872
Total revenue, carried forward	$ **22,577,647**	$ **24,303,791**	$ **26,295,035**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004		2003
	BUDGET (Note 18)	ACTUAL	ACTUAL
Total revenue, brought forward	$ **22,577,647**	$ **24,303,791**	$ **26,295,035**
Expenditure			
General municipal:			
Transportation services	14,787,473	15,741,927	16,951,831
Administrative services	2,879,622	2,821,842	3,308,594
Water and sanitation services	1,869,864	1,702,654	1,947,642
Agriculture and community pasture services	1,979,923	1,936,430	1,631,603
Recreational and cultural services	1,462,704	1,937,879	945,715
Protective services	1,466,571	1,212,555	922,140
Industrial tax transfers	110,000	112,800	110,430
Total expenditure (Note 12, 14 and 15)	**24,556,157**	**25,466,087**	**25,817,955**
(Deficiency) excess of revenue over expenditure	$ **(1,978,510)**	**(1,162,296)**	**477,080**
Accumulated excess of revenue over expenditure at beginning of year		2,658,708	4,303,075
		1,496,412	4,780,155
Less: transfers (to) from tax recovery land sales reserve (Note 16):			
Phase I	-	(6,589)	7,055
Phase II	(350,000)	(343,671)	(2,128,502)
Phase III	(300,000)	(469,600)	-
	(650,000)	(819,860)	(2,121,447)
Add: transfer from tax recovery land sales reserve (Note 16):			
Phase II	1,150,000	1,150,000	-
	$ 500,000	330,140	(2,121,447)
Accumulated excess of revenue over expenditure at end of year		$ **1,826,552**	$ **2,658,708**
Decrease in accumulated excess of revenue over expenditure during the year	$ **(1,478,510)**	$ **(832,156)**	$ **(1,644,367)**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
Tax recovery land sales reserves :		
Phase I		
Balance at beginning of year	$ 39,297,687	$ 39,304,742
Add (deduct) transfers of accumulated excess of revenue over expenditure (Note 16)	6,589	(7,055)
Balance at end of year	39,304,276	39,297,687
Phase II		
Balance at beginning of year	10,805,680	8,677,178
Add transfers of accumulated excess of revenue over expenditure (Note 16)	343,671	2,128,502
Deduct transfers of funds to operations (Note 16)	(1,150,000)	-
Balance at end of year	9,999,351	10,805,680
Phase III		
Balance at beginning of year	-	-
Add transfer from accumulated excess of revenue over expenditure (Note 16)	469,600	-
Balance at end of year	469,600	-
Total balance at end of year	49,773,227	50,103,367
Public reserve:		
Balance at beginning and end of year	1,319	1,319
Total reserves	$ **49,774,546**	$ **50,104,686**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
Equity in capital assets at beginning of year	$ 17,267,953	$ 16,650,298
Add purchase of capital assets:		
Transportation services	1,922,365	2,830,313
Administrative services	291,993	956,875
Water and sanitation services	138,256	344,608
Protective services	416,094	352,323
Agriculture and community pasture services	65,336	123,914
Recreation and cultural services	101,703	27,475
	2,935,747	4,635,508
Annual amortization of capital assets	(1,732,806)	(1,587,615)
Disposal of capital assets	(399,935)	(2,430,238)
Equity in capital assets at end of year	$ 18,070,959	$ 17,267,953
Equity in inventories at beginning of year	$ 1,965,329	$ 2,549,826
Add purchases and other inventory costs	2,028,069	1,217,291
Deduct requisitions	(1,634,450)	(1,801,788)
Equity in inventory at end of year	$ 2,358,948	$ 1,965,329
Equity in physical assets at end of year	**$ 20,429,907**	**$ 19,233,282**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
Operating activities:		
(Deficiency) excess of revenue over expenditure	$ (1,162,296)	$ 477,080
Amortization of investment premiums, less discounts	282,357	285,559
Gain on sale of investments	(221,486)	(87,426)
(Decrease) increase in provision for gravel pit reclamation	(50,000)	150,000
Purchase of capital assets	2,935,747	4,635,508
Increase (decrease) in inventories	393,619	(584,497)
	2,177,941	4,876,224
Changes in non-cash working capital accounts:		
Accounts receivable	355,659	(320,809)
Taxes receivable, net	143,600	(293,455)
Due to Province of Alberta, net	(148,820)	444,311
Accounts payable and accruals	(511,275)	392,776
Capital lease	-	43,900
Deferred lease revenue	165,714	59,678
Deferred provincial grant revenue	(23,748)	95,544
Inventories	(393,619)	584,497
	(412,489)	1,006,442
Cash provided by operating activities	1,765,452	5,882,666
Investing activities:		
Deposit on capital asset purchase	-	55,000
Net change in non - current accounts receivable	428,488	(296,509)
Proceeds from redemption of investments	11,571,163	7,172,227
Purchase of investments	(11,976,127)	(9,779,193)
Purchase of capital assets	(2,935,747)	(4,635,508)
Cash applied to investing activities	(2,912,223)	(7,483,983)
Financing activities:		
(Decrease) increase in capital lease	(43,900)	43,900
	(43,900)	43,900
Decrease in cash	(1,190,671)	(1,557,417)
Cash at the beginning of year	26,901,258	28,458,675
Cash at end of year	**$ 25,710,587**	**$ 26,901,258**

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Tax Recovery Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.212 million acres of tax recovery land remains unsold as at December 31, 2004 (2003 - 1.206 million acres).

Crown land transferred to the Province from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes. This consists of approximately 1.570 million acres.

(c) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(d) Inventories

The cost of consumable supplies is included as expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost or net replacement value. Cost for gravel and fuel is determined by using the first-in-first-out method. Cost for parts and other inventories is determined by using the average cost method.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 2 (e) Capital Assets

(cont'd) Capital asset acquisitions are included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the cost of construction of roads and bridges, having an original cost greater than $2,500 are shown on the statement of financial position as physical assets at net book value with the offsetting credit to equity in physical assets. All electronic data processing equipment is capitalized.

The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equipment	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00/10.00	-
- Software	25.00	25.00	25.00	-

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

(f) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 2 (g) Financial Instruments

(cont'd) The carrying value of cash, current accounts receivable, taxes receivable, amounts due to Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term nature of these items.

The carrying value of non-current accounts receivable approximate their fair value.

The fair value of investments is disclosed on Schedule 1.

Note 3 Cash

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at December 31, 2004, securities held by the Fund have an average effective market yield of 2.64% per annum (2003 - 2.38% per annum).

Note 4 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of $64,026 (2003 - $72,972), are comprised of the following:

	2004	2003
Current:		
From sale of tax recovery land and related mineral surface leases	$ 470,862	$ 484,538
Accrued interest	88,760	97,368
	559,622	581,906
Federal government grants	43,801	415,232
Accrued interest on investments	275,176	282,920
Leases	193,566	147,990
Miscellaneous	521,713	521,489
	$ 1,593,878	$ 1,949,537
Non-current:		
From sale of tax recovery land and related mineral surface leases	$ 1,767,794	$ 2,158,995
Other	356,688	393,975
	$ 2,124,482	$ 2,552,970

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 4 (cont'd) Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales I & II and 6% per annum to tax recovery land sale III that commenced in 2004. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

Note 5 Due to Province of Alberta, Net

The net amount due to the Province of Alberta is comprised of the following:

	2004	2003
Due from Province of Alberta:		
Alberta Infrastructure & Transportation	$ 168,349	$ 387,476
Other	34,424	93,519
	202,773	480,995
Due to Province of Alberta:		
Alberta Education	-	(453,956)
Alberta Environment	(218,881)	(191,112)
Other	(75,538)	(76,393)
	(294,419)	(721,461)
Due to Province of Alberta, net	$ (91,646)	$ (240,466)

Note 6 Physical Assets

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital Assets:				
Mobile equipment	$ 13,634,073	$ 4,585,620	$ 9,048,453	$ 8,746,989
Buildings	7,163,385	2,836,298	4,327,087	4,053,476
Automotive equipment	6,845,654	4,524,935	2,320,719	2,028,659
Machinery and equipment	2,540,472	1,502,669	1,037,803	988,105
Land	1,082,679	89,563	993,116	1,002,616
Electronic data processing				
- hardware	382,837	306,393	76,444	49,485
- software	899,357	632,020	267,337	398,623
Capital assets, carried forward	$ 32,548,457	$ 14,477,498	$ 18,070,959	$ 17,267,953

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 6 (cont'd)

	2004			2003
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts and other	$ 977,267	$ 9,773	$ 967,494	$ 1,136,515
Gravel	1,248,222	-	1,248,222	684,249
Culverts, fencing & seed	57,754	-	57,754	64,424
Chemicals	35,536	-	35,536	50,074
Fuel	49,942	-	49,942	30,067
	$ 2,368,721	$ 9,773	2,358,948	1,965,329
Capital assets, brought forward			18,070,959	17,267,953
Total physical assets			$ 20,429,907	$ 19,233,282

Note 7 Capital Lease

The following is a schedule of future minimum payments as of December 31, 2004 under capital leases:

2005	$ 43,900
2006	-
Total Minimum Lease Payments	$ 43,900
Balance comprised of:	
Current portion of long-term leases	$ 43,900
Long-term leases	-
	$ 43,900

Note 8 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 9 Provincial Grants

	2004	2003
Transportation	$ 1,655,438	$ 1,628,472
Agriculture, Food and Rural Development	265,664	166,609
Environment	150,000	124,636
Children's Services	122,171	122,171
Infrastructure	97,597	71,539
Municipal Affairs	48,266	21,307
Health & Wellness	16,004	-
Community Development	16,000	16,000
Human Resources and Employment	3,169	3,169
	$ 2,374,309	$ 2,153,903

Note 10 Lease Revenue

	2004	2003
Mineral surface leases	$ 3,287,214	$ 3,061,473
Grazing leases	1,137,039	1,302,379
Equipment rentals	594,723	13,005
Cultivation leases	394,924	398,477
Community pastures	367,965	325,270
Other	590,927	694,288
	$ 6,372,792	$ 5,794,892

Note 11 Other Revenue

	2004	2003
Proceeds on sale of capital assets	$ 611,256	$ 2,583,254
License, permits, assignments and application fees	401,822	380,179
Park permits & concessions	256,721	116,630
Oil well drilling taxes	220,696	154,979
Municipal services cost recovery	205,231	180,363
Sale of sand and gravel	163,281	92,166
Federal government grants	-	243,836
Miscellaneous	301,060	476,465
	$ 2,160,067	$ 4,227,872

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 12 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	2004	2003
Manpower (Schedule 2)	$ 8,090,677	$ 7,651,347
Materials, goods, and utilities	6,350,404	5,306,539
Contract and general services	5,537,514	6,696,451
Capital assets acquired	2,935,747	4,635,508
Grants	2,188,612	1,156,244
Goods and services from Alberta Government departments		
Alberta Revenue		
Risk Management	159,291	150,726
Investment fees	5,814	4,768
Alberta Municipal Affairs		
Linear assessment	75,131	75,158
Government Services	12,063	14,492
Other departments	2,287	507
(Recovery) provision for doubtful accounts	(4,253)	15,785
Industrial tax transfers	112,800	110,430
	$ 25,466,087	$ 25,817,955

Note 13 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2004 to the PSPP were $224,410 (2003 - $181,802) and to the MEPP were $100,419 (2003 - $78,175).

At December 31, 2003, the PSPP reported an actuarial deficiency of $596,213,000 (2002 - $175,528,000) and the MEPP reported a deficiency of $290,014,000 (2002 - $301,968,000).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 14 Related Party Transactions

Expenditures for goods and services provided by the Province and billed to the Board are disclosed in Note 12.

Grants provided by the Province are disclosed in Note 9 and the amounts outstanding at the end of the year are disclosed in Note 5.

During 2004, the Board received funds as agent for Alberta Environment amounting to $218,881, all of which is included as due to the Department at the end of the year.

Note 15 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately $70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure & Transportation and all costs are recorded as expenditure of that Ministry.

Note 16 Tax Recovery Land Sales Reserve

Transfers to (from) tax recovery land sale reserve have been determined as follows:

	Phase I	Phase II	Phase III	Total
Land sales	$ 6,589	$ -	$ 469,600	$ 476,189
Transfers	-	(1,150,000)	-	(1,150,000)
Interest	-	343,671	-	343,671
	$ 6,589	$ (806,329)	$ 469,600	$ (330,140)

Phase I, II and III relate to proceeds from sales under the 1981, 1988 and 2004 tax recovery land sales policies respectively.

Phases I and III exclude interest revenue and have not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2004

Note 17 Contractual Obligation

The Board has entered into eight long-term operating leases for equipment. The future lease payments are as follows:

2005	$ 725,265
2006	508,505
2007	406,816
2008	40,863
2009	-
	$ 1,681,449

Note 18 Budget

The 2004 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in December 2003.

Note 19 Comparative Figures

Certain 2003 figures have been reclassified to conform to 2004 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2004

	2004						2003
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Canada Housing Trust	4.75%	3.04%	March 15, 2007	$ 460,000	$ 477,112	$ 476,656	$ -
Canada Housing Trust	4.75%	4.47%	March 15, 2007	600,000	620,376	603,355	604,882
Canada Housing Trust	3.70%	4.32%	September 15, 2008	1,600,000	1,609,008	1,567,015	1,558,099
Canada Housing Trust	4.10%	4.13%	December 15, 2008	300,000	305,457	299,651	299,563
Canada Housing Trust	3.55%	4.02%	March 15, 2009	1,760,000	1,752,274	1,728,532	-
Equitable Trust - mortgage-backed security	5.00%	5.69%	November 1, 2004	-	-	-	1,649,733
Government of Canada	6.00%	4.04%	September 1, 2005	-	-	-	1,226,493
Government of Canada	8.75%	2.68%	December 1, 2005	35,000	36,889	36,925	1,647,231
Government of Canada	5.75%	4.00%	September 1, 2006	1,885,000	1,971,974	1,939,945	4,579,164
Government of Canada	3.25%	3.13%	December 1, 2006	500,000	502,425	501,054	-
Government of Canada	7.25%	4.97%	June 1, 2007	1,191,000	1,304,312	1,248,248	1,272,004
Government of Canada	4.50%	3.53%	September 1, 2007	2,259,000	2,333,660	2,315,289	1,233,833
Government of Canada	6.00%	4.58%	June 1, 2008	1,910,000	2,070,364	1,993,625	2,018,149
Government of Canada	4.25%	3.50%	September 1, 2008	580,000	596,252	594,885	-
Government of Canada	5.50%	4.77%	June 1, 2009	1,380,000	1,485,211	1,432,083	474,387
Government of Canada	4.25%	3.73%	September 1, 2009	1,355,000	1,388,672	1,384,595	-
Government of Canada	5.50%	4.39%	June 1, 2010	440,000	475,781	463,060	-
Government of Canada	6.00%	5.92%	June 1, 2011	95,000	105,753	95,357	276,196
BC Municipal Finance	7.75%	3.92%	December 1, 2005	730,000	762,383	753,879	779,968
Province of British Columbia	8.00%	4.60%	August 23, 2005	300,000	309,957	305,987	315,311
Province of Manitoba	6.25%	3.95%	June 22, 2005	-	-	-	1,031,325
Province of Manitoba	6.25%	5.93%	September 1, 2009	400,000	441,864	404,819	405,854
Province of Newfoundland	9.55%	4.10%	August 5, 2004	-	-	-	329,808
Province of Ontario	6.25%	4.85%	March 8, 2005	-	-	-	1,015,389
Province of Ontario	5.90%	3.49%	March 8, 2006	490,000	507,557	503,248	514,473
Province of Ontario	3.50%	2.64%	September 8, 2006	1,200,000	1,210,944	1,216,886	-
Province of Ontario	5.20%	3.22%	March 8, 2007	700,000	729,981	728,638	-
Province of Quebec	5.50%	4.16%	June 1, 2009	280,000	299,555	294,898	-
Province of Quebec	6.25%	4.79%	December 1, 2010	1,100,000	1,221,891	1,180,267	1,193,861
Bank of Montreal	7.00%	4.32%	January 28, 2010	180,000	204,197	201,736	-
Bank of Montreal	8.15%	5.45%	May 9, 2011	250,000	266,905	267,188	475,023
Bank of Nova Scotia	4.52%	4.51%	November 19, 2008	700,000	719,999	700,000	700,000
Royal Bank of Canada	5.50%	4.36%	February 13, 2011	670,000	689,276	685,850	719,272
TD Bank	5.20%	3.25%	September 4, 2012	700,000	730,576	740,440	-
				24,050,000	25,130,605	24,664,111	24,320,018
Alberta Capital Finance Authority			(15 Shares)	-	150	150	150
Agricore United Common Shares			(7,918 Shares)	-	71,262	43,550	43,550
				$ 24,050,000	$ 25,202,017	$ 24,707,811	$ 24,363,718

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004				2003	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits	Other Non-cash Benefits (c)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 97,965	$ 6,300	$ 19,900	$ 124,165	1	$ 121,873
Special Areas Board members	2	9,075	-	450	9,525	2	10,027
Director of Finance and Administration	1	76,416	2,042	16,524	94,982	1.1	92,301
Director of Municipal Services	1	80,631	9,466	17,138	107,235	1	96,056
Director of Properties Administration	1	80,135	6,300	17,064	103,499	1	93,365
Roads & Equipment Superintendent	1	69,245	7,384	15,426	92,055	1	86,296
Managers (Note d)	4	241,530	15,050	54,391	310,971	3.2	234,569
Other full time staff (Note e)	76.3	3,740,694	-	672,017	4,412,711	76.5	4,310,304
Part time and casual wage staff		2,453,701	-	296,544	2,750,245		2,587,441
Other Boards and committees		29,850	-	1,363	31,213		26,022
Advisory Councillors	13	16,440	-	278	16,718	13	15,300
Increase (decrease) in vacation accrual		37,358	-	-	37,358		(22,207)
		$ 6,933,040	$ 46,542	$ 1,111,095	$ 8,090,677		$ 7,651,347

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.

(b) Salary includes regular base pay, overtime, vacation payouts, honoraria and any other direct cash remuneration.

(c) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers Compensation Board, Canada Pension Plan, employment insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.

(d) Average salary is $60,383 and average benefits are $17,360 totaling $77,743. (2003 $73,315).

(e) Average salary is $49,026 and average benefits are $8,808, totaling $57,834. (2003 $56,344).

Alphabetical List Of Entities' Financial Statements In Ministry 2004-05 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Advanced Education[2]	Advanced Education
Ministry of Aboriginal Affairs and Northern Development[2]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[2]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[2]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[2]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[2]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[2]	Human Resources and Employment
Ministry of Infrastructure and Transportation[2]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[2]	International and Intergovernmental Relations
Ministry of Justice[2]	Justice
Ministry of Municipal Affairs[2]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[2]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General

[2] Ministry includes only the departments so separate department financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Wild Rose Foundation	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	*Ministry Annual Report*
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Post Secondary Institutions	Advance Education
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Education
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

Note to Readers:

Copies of the annual report are available on the Alberta Municipal Affairs Web site or by contacting:

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